

1228-5
DEC 21 '60
TWO WEEK
DUE DATE

FEB 10 1961

Management RECORD

December 1960 • Vol. XXII • No. 12

- Organizing the Research Function
- Chief Executive Compensation Trends
- Union Views on Foreign-made Goods
- An Employee Board of Directors



NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

CONTENTS

SPECIAL ARTICLES

Organizing the Corporate Research Function.....	2
Appendix—Position Guides.....	32
Chief Executive Compensation Trends in Manufacturing	9
Communicating Through an Employee Board of Directors.....	14
Union Views on Competition from Foreign-made Goods	18
Human Values Where People Work	24
Safeguarding Confidential Information	26

REGULAR FEATURES

Briefs on Personnel Practices	28
Labor Press Highlights	30
Significant Labor Statistics	37
Significant Pay Settlements	38
Management Bookshelf	23, 25, 27, 36

Management Record is prepared by

Division of Personnel Administration: S. Avery Raube, Director; Harold Stieglitz, Assistant Director; Anthony P. Alfino, Harland Fox, Stephen Habbe, Allen R. Janger, Aileen L. Kyte, John J. McKew, Mitchell Meyer, George V. Moser, Richard Nichols, Jr., J. Roger O'Meara, Pauline Reece, Geneva Seybold, Audrey Stahl, Doris M. Thompson, George W. Torrence, Walter S. Wikstrom, N. Beatrice Worthy.

Division of Consumer Economics: Frank Gaston, Director; Zoe Campbell, David M. Furman, Leona L. Goodman, Leo B. Shohan.

Editorial Staff: Sanford Rose; Nancy Gilligan. **Charts:** Paulette le Corre Lydon; Natividad Avilez, Roman Doberczak, Betty Fragge, Rosanne W. Reilly, Ramon J. Rodriguez.

Management Record

December, 1960

© 1960 by National Industrial Conference Board, Inc.
Reproduction Rights Reserved

Vol. XXII, No. 12

• In the Record •

Organizing the Corporate Research Unit

Sputnik, the "hot breath" of foreign competition, and the push to diversify product lines are among the factors responsible for industry's growing preoccupation with research and development. Whatever the causes, however, the results are certainly impressive. In 1958 research and development expenditures by private industry amounted to \$8.2 billion—three-fourths of all the funds spent for research purposes in the United States.

How has the growing importance of research in industry affected the organization and status of the corporate research unit? Has it brought the research director closer to the ear of the chief executive? What are the present functions of the research unit and what is its relationship to the operating divisions?

To find out the answers to some of these questions THE CONFERENCE BOARD studied eighty-five manufacturing firms representing every major manufacturing industry. The story beginning on the next page presents the results of this study. For further clarification, the article is supplemented by an appendix containing five position guides of research directors and research units (see page 32).

Chief Executive Compensation Trends in Manufacturing

As sales go, so goes top executive compensation. Conference Board research indicates that, at least in recent years, this statement is generally valid. More than 80% of the manufacturing firms on the New York Stock Exchange that paid higher salaries to the top man in 1959 than they did in 1957 also registered a sales increase. Only 70% of the companies that froze the chief executive's pay increased sales over the two-year period. And only 54% of the firms that cut top executive compensation reported a sales rise.

In the same two-year period the executive who received a sizable portion of his compensation in the form of bonuses got a bigger raise (when raises were forthcoming) than his colleague who derived most of his income from base salary. However, when the time for belt tightening came, the straight-salary executive was better off. Companies rarely reduce the base salary of their presidents, preferring to wait for resignations or retirement if they wish to cut the price tag on the top job. On the other hand, they apparently are not averse to paring bonus earnings when necessary.

These are some of the findings of a study of 570 manufac-

turing firms that appears on page 9. Compensation trends from 1955-1959 and from 1949-1959 are also analyzed.

Communicating Through an Employee Board of Directors

The most effective communication in business, many believe, is almost always two-way communication. Newspapers, personal letters, bulletin boards, etc. have their place, but they usually are far less adequate than face-to-face contact where the employee not only listens but is listened to.

At Saks Fifth Avenue, a department store in New York City, management feels that the Employee Board of Directors—a twenty-one-year-old technique of face-to-face communication—has paid handsome dividends in greater employer-employee understanding. In addition, the company finds that the suggestions of employee directors have been of value in improving customer service and in effecting store-wide economies. For details on the organization and functioning of the board see the story on page 14.

Union Views on Competition from Foreign-made Goods

Until 1913, the United States was essentially a "protectionist" country that levied high tariffs to shelter fledgling industries. After 1913, as the American economy increased its power both absolutely and relatively, tariffs were substantially reduced. Recently, however, the success of the revitalized economies of Europe and Asia in underselling American-made goods has led to a significant revival of protectionist sentiment in both labor and management circles. The article on page 18 explores some current union proposals for modifications in foreign-trade policy.

"Human Values Where People Work"

Those who believe that companies "may have gone overboard on an expensive hobby called human relations" will find a ready antagonist in Thomas G. Spates. Professor Spates has written a book reaffirming the human and economic values of modern personnel administration. "Human Values Where People Work," reviewed on page 24, surveys the history of personnel administration from three approaches—the experiences of the author, the role of "pioneering heroes," and a chronological presentation of events.

Organizing the Corporate Research Function

This article analyzes the duties and the organizational status of the corporate research unit in both functionally and divisionally organized companies

IN THE FOLKLORE of American manufacturing, experimentation and production both took place on the same shop floor. The lab was a corner of the shop. The experimenter was as likely as not a production supervisor. His helper might have been a production man with too little to keep him busy. Today, except in smaller companies, the air of improvisation, if it ever truly existed, has disappeared. Experimentation has become research. The function has been taken over by professional engineers and scientists and, in general, segregated from the manufacturing function. Corporate research establishments now vie with university and government laboratories in the elaborateness of their facilities and in the scope of their work. Even the shop-floor tinkering is now done by men in white coats.

Other changes, too, have taken place. One major change is reflected in the organizational status accorded the corporate research function. A Conference Board study of eighty-five manufacturing companies shows almost two-thirds with corporate-level research responsibilities. In addition, formal organization charts and position descriptions in 40% of these companies show research people reporting directly to the chief executive. Research has, in other words, taken its place beside finance, law, and personnel administration as a major corporate-level staff function.

This, however, is only part of the story. So important has research become in company thinking that it has blurred the difference between operating and staff functions. In most companies studied, research

is designated as a staff function, while only sales and production are considered operating functions. This is the traditional situation. But in a number of firms research has become so important a part of company activity that it has been designated and organized as an operating rather than as a staff function.

Fad may also play its part in this story. To the lay public, the sputnik and the computer have wrapped the sciences in folds of a new and magical mystique. And the businessman is by no means immune to this new scientific glamor.

But quite apart from managerial fashion, industry has found other reasons for greater interest in research. Sharpening domestic and international competition have alerted businessmen to the importance of new sources of profit and made them receptive to change. Many manufacturers have come to feel that diversified holdings, more and better products and all the experience and techniques that come under the heading of technical and research "know-how" are the best competitive advantages they hold in the fight for growth and markets.¹

COMPANY RESEARCH OBJECTIVES

Within the company itself, the placement, scope and importance of the research function is affected by the research objectives which each firm sets for itself.

In the written statements of their research objectives, the companies studied by the Board emphasize contributions toward company growth, efficiency, keeping pace with or passing the competition and over-all profitability.

Thus, one may find listed as a formal company objective: "The (company) urgently needs new ideas for new products and for the improvement of existing products and plant processes."

A large company manufacturing printing supplies describes its primary research objectives as "generat-

¹For an economist's opinion, see "The United States Share in World Trade: Underlying Factors," a speech by Emile Despres, at the 44th Annual Economic Conference, National Industrial Conference Board, May 19, 1960. Conference and session titles were: "American Enterprise: The Next 10 Years" and "America and the World: International Outlook."

First of a Series

This is the first in a series of articles in the *Management Record* analyzing corporate staff organization in approximately eighty-five manufacturing companies in the United States and Canada. All major manufacturing categories are represented in the sample and, although most companies are in the 1,000-10,000-employee range, there are companies in the study that have as few as 250 and as many as 450,000 employees.

ing new products and processes, and to improve the profitability of existing products."

A small company manufacturing and retailing paints makes its research director responsible for establishing product development plans and programs "that will achieve for the company a position of leadership in the discovery, development and improvement of products within the company's chosen field. . . ."

Still another small company, this time a producer of electric and electronic equipment, details its research director to: "Conduct research programs within the scope of the general activities of the company, as well as research and development programs under government and industrial contracts."

The research director of a large petroleum production and refining company is instructed to perform "these functions with the objective of maximizing the contribution of these activities and related facilities to the over-all profitability of the company, and to further its other purposes."

Fifteen of the eighty-five manufacturing companies were selected for closer study. Among these firms several factors seem to affect the scope of the firm's research objectives and hence the size and/or importance of the corporate research unit:

- *Company size:* Within a given industry, and with some significant exceptions, the smaller companies show less tendency to expand into new fields.

- *Industry:* Some industries—like chemicals and pharmaceuticals—continually work at the boundaries of human knowledge. Others, like primary or fabricated metals, offer less opportunity for "blue-sky" research.

- *Technological potential:* From time to time given industries may undergo broad fluctuations in research effort due to periodic breakthroughs in the technology on which the industries rest. The expansion of research effort resulting from this factor usually lasts until the breakthrough's developmental potential has been used up.

- *Company policy:* A company convinced that research is the key to company growth tends to formulate wider research objectives. One of the large national distillers, anxious to diversify its holdings, prepared for its entry into the chemical industry with research that the company had done in its own laboratories.

Of course, other factors, such as the competitiveness of the industry and the amount of capital the company has at its command, may also play a role. However, within the scope of the information avail-

What Does the Modern Staff Do?

There are many conceptions and definitions of the staff function. For the purpose of this article staff undertakes the following functions:

1. Advises and counsels superiors and the operating divisions—this is the most orthodox view of the staff function. It places heavy emphasis on the duty to investigate and supply information and recommendations to managers who make decisions.
2. Service—for greater efficiency, certain procedures that occur in many departments of the company are assembled in one service department, e.g., accounting activities, recruiting of personnel, etc.
3. Functional guidance—or functional control, as it is often called, describes the situation where the functional specialists determine the best methods or procedures to be followed and then have responsibility to check or audit to see that the operating units conform to established procedures and policies. They do not have authority, however, to tell operating personnel what to do. This distinction is sometimes referred to in the following terms: "Operations determines what shall be done and who shall do it, but the functional specialist determines how it shall be done."

able in this study to THE CONFERENCE BOARD, the influence of these factors cannot be assessed.

RESEARCH FUNCTION DEFINED

A word should be mentioned at this point about the terms "research" and "research and development." These terms are often used more or less interchangeably, that is to say, as if they corresponded to roughly the same function. When used in this way, the research and development function is usually concerned with carrying an idea from the gleam-in-the-eye stage to the point where, developed into a product and fully proven, it may be turned over to the production people. In companies where market research comes within the bounds of the research and development function, it also means testing marketability and customer acceptance before handing a product over to sales.

Many companies appear to feel, however, that there are some differences between the research and development functions. Some super-large companies, for example, separate them entirely. Other companies with single vice-presidents in charge of research and development will have directors of research and directors of development reporting to them.

But when most executives speak of a research function they are usually talking about product and part or all of process research, together with certain limited developmental activities. There are exceptions, but not too many. Market research, economic research and analysis, and the like may be grouped with product and related research, but most often they are not.

DUTIES OF RESEARCH UNITS

So much for the general area of research. Taking a closer look at the corporate staff research units in the fifteen manufacturing companies, it appears that certain functions and responsibilities almost always cluster under the wing of the corporate research function. A central research laboratory, if there is one, is almost certain to be included. In division-organized companies the staff research function is likely to be in some way concerned with the division research effort.

Beyond this, to judge from companies analyzed, there is less consistent practice. At the highest level the unit may be concerned with research policy. It may work on research budgets, participate in company and/or research planning, advise on and review proposed research programs and evaluate them after they have been conducted. The unit is likely to be responsible for outside research programs, deciding when they are needed, and providing for their periodic review, final evaluation, and continuing coordination with the company program.

Patent administration, licensing,¹ and contact with technical organizations and competition may also fall within the responsibilities of the corporate staff unit. And in a few companies studied, the corporate staff unit has charge of marketing and economic research and the whole area of customer acceptance of new products.

The reason for this lies in the fact that new products and processes must be "sold" either to top-management or—in the case of "profit-center" companies—to a particular division chief. Some corporate research staffs have apparently found this difficult to do, particularly with division chiefs. This has created an incentive for research to carry product development as far along and on as wide a front as possible, so that when the time comes to present the product for division acceptance, the strongest possible case can be made. This gets research into the area of market-

ing research and economic analysis. In some companies it has involved research in construction and operation of pilot plants up to the moment they go into line production.

The Corporate Research Director

To find out the organizational relationships and scope of responsibilities of the corporate research function, THE CONFERENCE BOARD found it instructive to examine the position guides of fifteen corporate research directors. Usually the guide spells out the responsibility of the research director himself and in some cases those of the organization unit. (Five variations in responsibility patterns are illustrated in position guides collected in the appendix on page 32 of this issue.)

From among these fifteen the position guide of Borg-Warner Corporation pretty well typifies what most companies have in mind when they summarize the general shape of the corporate research director's responsibilities. This position guide instructs the director to assure that:

"The engineering research and development activities of the corporation are conducted on a sound, realistic basis.

"The corporation places proper emphasis on changing technology and integrates future engineering research and development planning and programs in cognizance of trends.

"The corporation logically organizes its technical staffs and most effectively utilizes their skills.

"The corporation adequately plans and executes product and process developments in order to keep it ahead of competition and prepared to diversify into desirable new fields.

"Competent advice and counsel are available on engineering new products and scientific matters of corporate interest to the board of directors, central office executive, and the operating divisions."

While responsible in a general way for the total

Titles

Among the companies studied the most usual title for a corporate research director is vice-president. But wide variations do exist.

Titles which appear in the course of the study are: assistant to the president, executive vice-president, senior vice-president, director, general manager, manager, or merely senior chemist or physicist.

Names for the function he fulfills include: research, research and development, scientific administration, research and engineering, technology, or technical development.

¹ For further information, see John R. Kinley and G. Clark Thompson, "The Patent Counsel in Company Organization," *The Conference Board Business Record*, August, 1960, pp. 29-36.

CHART 1: All Corporate and Division Research Reports to Corporate Research Director

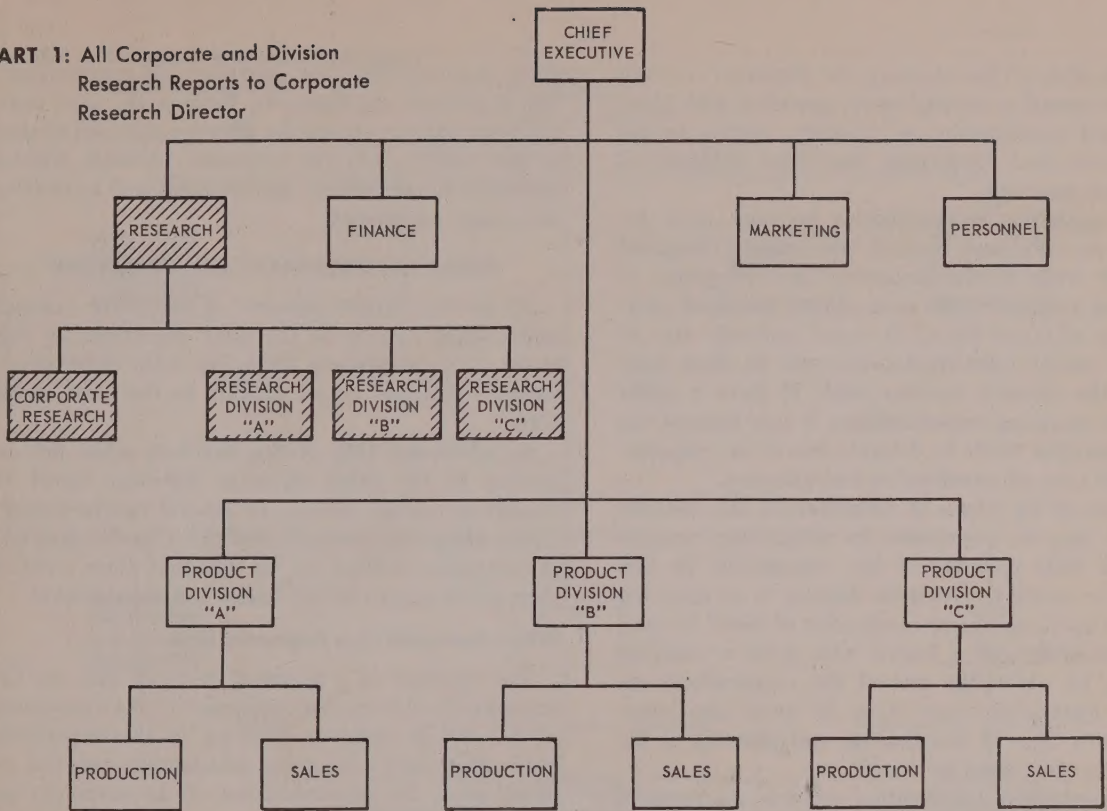
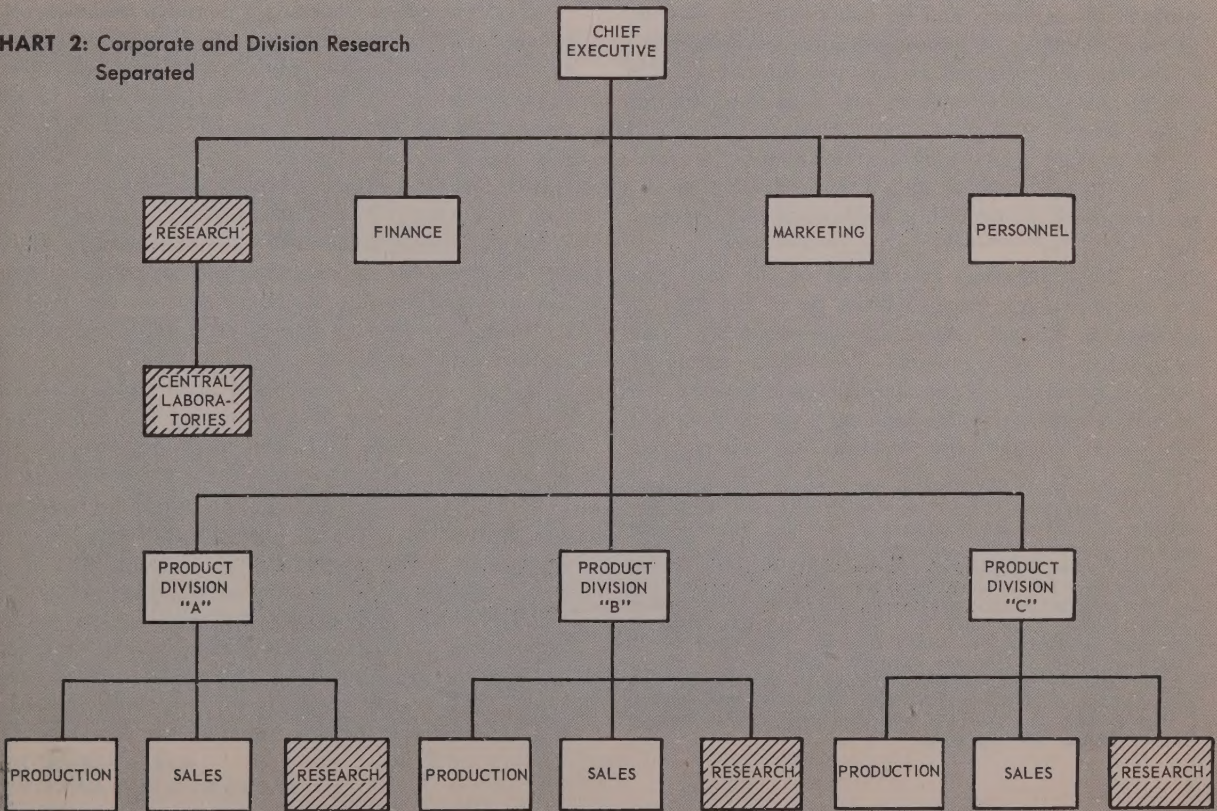


CHART 2: Corporate and Division Research Separated



research effort of the company, the corporate research director himself is usually most concerned with planning, and coordination of research, advice to his supervisors, and, frequently, functional guidance of divisional research.

Any operating responsibilities he may have for central or divisional research are usually delegated to lower levels in the structure. This delegation of operating responsibilities is an almost universal characteristic of larger firms.¹ It is not generally true of smaller (under 1,000 employees) ones. In these companies the research director tends to have a wider range of operating responsibilities, if only because the chief executive tends to delegate less of his responsibility for over-all coordination and planning.

As part of his efforts at coordination, the research director may be responsible for integrating research into the total planning of the corporation. In this sense, the corporate research director is at once the representative of "the research point of view" in company planning and a leader who gives a compass heading by which the rest of the corporation's research organization may steer. In some large companies this type of coordination and planning is the most important work he does.²

Another type of coordination concerns the research itself. Research may be carried on in many different parts of the company and for many different reasons. If work is not to be duplicated and ideas lost, some effort must be expended on the corporate level to tie the various pieces of research into a more or less coherent whole.

Still another type of coordination involves integrating day-to-day research with other activities of the company such as marketing, production and engineering.

The most uncertain boundaries of the corporate research director's responsibilities lie in the area of product development. As mentioned previously, some companies put the research director in charge of product specifications and construction and operation of pilot plants up to the moment they go into line production. At the other extreme, he may not be

given responsibility over anything but recommendation of product specifications. Perhaps the most characteristic pattern among the fifteen companies studied is that which gives the corporate research director authority to set product specifications and to develop pilot plant equipment.

PLACE IN ORGANIZATION STRUCTURE

By far the largest number of corporate research units report directly to the chief executive: in 64% of the survey companies (fifty-five of the eighty-five), research directors report directly to the chief executive.

An additional 16% of the directors, while not reporting to the chief executive directly, report to executive-, group-, senior-, or general-vice-presidents. Taken altogether, research staffs in a sizable majority of companies studied can be sure that their point of view is being put directly before top management.

When Research Is a Separate Unit

The presence of a separate research unit on the corporate level is no clear indication of the importance of research in company thinking or the importance of the unit. Such a reporting relationship does not indicate what the responsibilities of the corporate research unit include.

At one extreme is what might be called the research-oriented form of organization (see Chart 1). In this type of company the top research man exercises complete responsibility over all product and related research in the company. If the company is divisionally organized, division-level research people, though housed within a division, report to the top research man rather than to product-division managers.

Division profit accountability is preserved by leaving approval for division research programs in the hands of the division manager. The research itself, however, is conducted within the centrally administered research organization.

In some of these companies units usually found elsewhere among the corporate staff divisions—like marketing research and pilot plant construction—report to the corporate research director.

At the other extreme is the division-organized company whose corporate research unit has responsibility only for corporate-level research activities (see Chart 2). In these companies division-level research is—as a result of decentralized operations—the responsibility of the division manager. In such firms the final arbiter in matters of product and process research is a general executive to whom both corporation research and division management report—usu-

¹ In many cases this results in a "one-over-one" relationship in which the supervisor of the central research laboratory is the only subordinate of the corporate research director. One reason for this may lie in the importance and/or difficulty of the research director's coordinative and planning responsibilities which are treated in greater detail further along in this article. Another reason which has been suggested is that the scientist's professional status requires a different kind of supervision than the usual corporate system of "executive authority." See Simon Marcson, "The Scientist in American Industry," Princeton University, 1960.

² For concrete examples of how companies handle such coordination see: Gerald J. Fuchs and G. Clark Thompson, "Management of New-product Development," *The Conference Board Business Record*, October, 1960, pp. 36-39.

CHART 3: Corporate Research Set up as an Operating Division

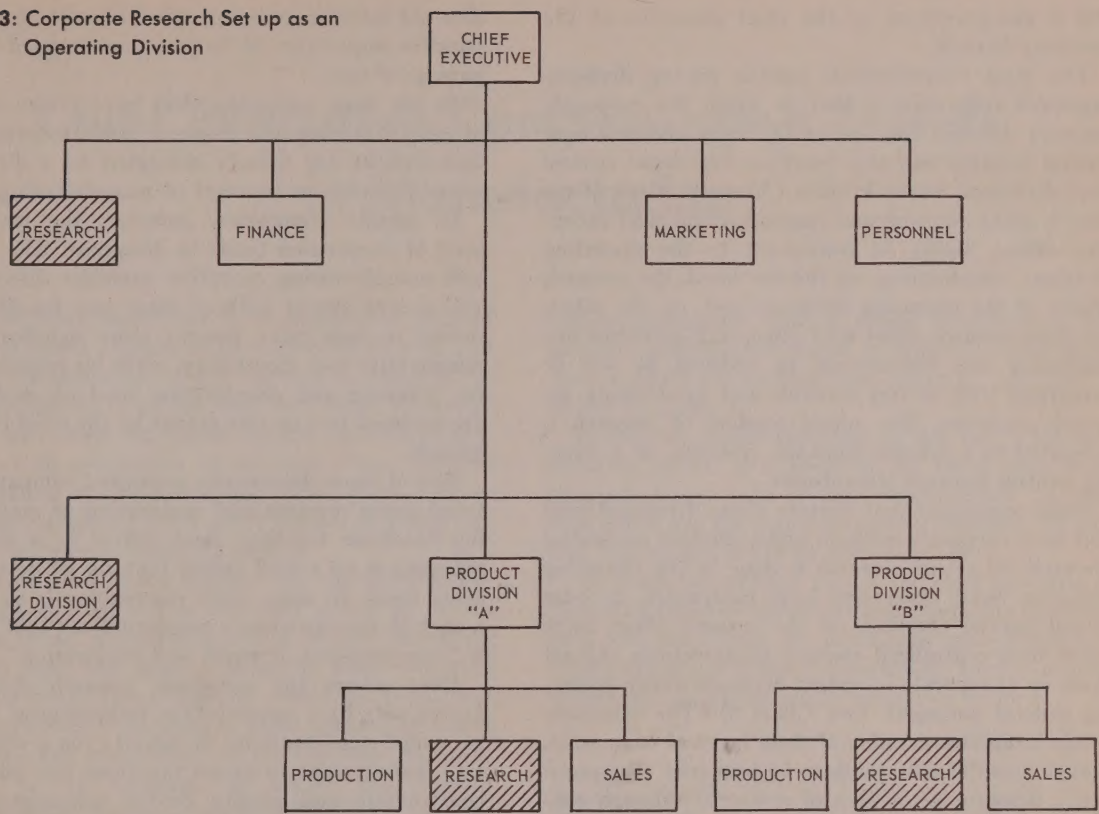
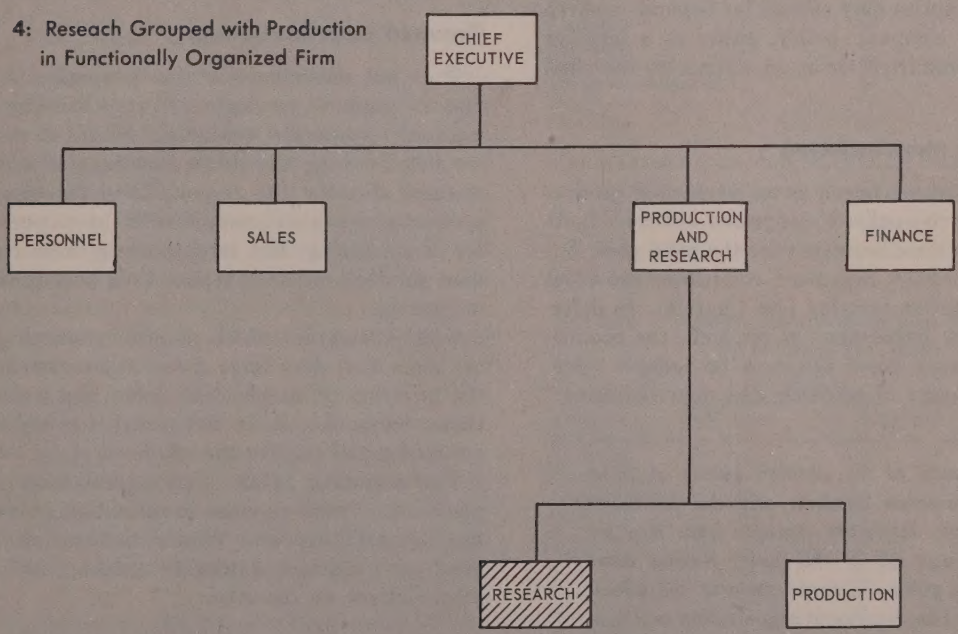


CHART 4: Research Grouped with Production in Functionally Organized Firm



ally a vice-president, or the chief executive of the company himself.

The most characteristic pattern among division-organized companies is that in which the corporate research director has operating responsibilities over central research and also exercises functional control over divisional research (also Chart 2). Most of his time is spent advising and counseling the chief executive officer, acting as consultant to the operating divisions, coordinating, on the one hand, the research efforts of the operating divisions and, on the other, the total research effort with other staff activities like marketing and engineering. In addition he will be concerned with setting controls and establishing research programs. The actual conduct of research is delegated to a general manager, research, or a director, central research laboratories.

Some companies that operate along divisional lines and have corporate research units, conduct no central research; all actual research is done in the operating divisions. Some other very large companies, in order to put heavier emphasis on the research effort, have taken their centralized research organizations and set them up as separate operating divisions under operating general managers (see Chart 3). The corporate research director in either of these types of companies, though he still exists, tends to be primarily "the president's delegate in the area of research." Though concerned with coordination of company research, his policy-making duties may extend far beyond research policy to total company policy, either as a member of executive committees or as an advisor to the chief executive.

Grouped with Manufacturing

Corporate research began as an adjunct of production. In the divisionalized companies the two functions have long since been split for the most part; but in many functionally organized companies the older form of organization remains (see Chart 4). In deference to the new importance of research, the production man of many years ago may be today's "vice-president in charge of research and manufacturing."

An appendix of the position guides of three corporate research directors and the functional guides of two corporate research units may be found on page 32 of this issue. Among other things, these guides illustrate some of the effects of company size, functional organization and centralization on the corporate staff research function.

The old familiar grouping remains, even if the comparative importance of its parts has changed with the passage of time.

In the large companies that have a vice-president of manufacturing and research, actual operating responsibilities are usually delegated to a director of research and to a manager of manufacturing.

In smaller companies, however, the intervening level of supervision tends to disappear. The research and manufacturing executive exercises direct supervision over one or both of these two functions. His duties, in such cases, become more significantly administrative and supervisory, while his responsibilities for planning and coordination tend to decline and are assumed to a greater extent by the chief executive himself.

Few of those divisionally organized companies analyzed group research and engineering or manufacturing functions together. And, where it is done, the grouping is on a staff rather than on an actual operating basis. In some cases engineering is so integral a part of the executive's responsibilities that his title is "vice-president, research and engineering."

Even where the corporate research director is known only by a research title, technological, trade or personnel considerations, or indeed even a whim, may lead management to assign functions like pilot plant construction and quality control administration to the research man.

Grouped with Marketing

It is not uncommon in the companies studied to find a "product development" responsibility appearing under corporate marketing. Nor is it unusual to see listed among the prime functions of a corporate research director the responsibility for coordinating product and related research with the corporate director of marketing. But rarely among these companies does product research report to a vice-president of marketing.

Some companies which use this research grouping are those that do a large share of their business with the government in scientific fields. But even among these companies it is not usual to find research grouped under sales at the top level.

The reasoning behind such organization seems to place importance on close coordination between contract negotiation and administration, on the one hand, and between corporate planning and government contact, on the other.

ALLEN R. JANGER

Division of Personnel Administration

Chief Executive Compensation Trends in Manufacturing

JUST as other prices rose in the Fifties, the price of executive talent appears to have gone up as well. The average compensation of the top man in manufacturing companies listed on the New York Stock Exchange in 1959 was about 6% higher than in 1957. Of course, this kind of comparison of averages often obscures more than it clarifies, especially when compensation shifts are compared for a short period in which the average increase is relatively small.

Therefore, this article explores the change in executive compensation in this two-year period by examining in detail compensation data in 570 companies for both 1957 and 1959. Changes in chief executive compensation in this period are considered in relation to three factors: variations in sales; changes in bonus payments; and replacement of the top man. As background to this analysis, the article also reviews changes in the median compensation of the top executive from 1949 to 1959 and from 1955 to 1959.

THE TREND OVER THE DECADE

As the accompanying chart indicates, the average compensation of the chief executive in manufacturing companies on the New York Stock Exchange increased from \$62,000 in 1949 to \$92,000 in 1959—a jump of 48% over the decade.¹

The chart also shows the median compensation of the chief executive in each of ten industries for 1949 and 1959. It will be noted that these industries generally maintained their relative position during this period. For example, primary metals, petroleum and transportation equipment were considerably above average in both years; machinery, fabricated metals and textile and apparel considerably below average.

By and large, the differences in median compensation among the industries for either year are primarily a reflection of differences in the average size of the companies (on the New York Stock Exchange) in each industry. Larger companies pay better than

smaller companies; thus it would be expected that average compensation would be larger in those industries in which the average firm is larger. This result is shown in Table 1.

In 1959 the major exception to this rule is the food industry, which is represented by fairly large companies but pays only average compensation. In 1949, food again was the major exception, although the general relationship is not as clear as in '59.

Although the average pay of the chief executive in the entire group of manufacturing companies increased 48% over the decade, the increase in some of the individual industries differed considerably from this overall average, as shown in the tabulation below:

Industry	Percentage Increase, 1949-1959		
	Compensation	%	Sales Rank
Transportation equipment	67%	509%	1
Textiles & apparel	57	244	4
Fabricated metals	52	143	6
Food	51	137	7
Chemicals	48	197	5
Machinery	47	406	3
Primary metals	47	62	9
Electrical machinery	44	424	2
Paper	41	121	8
Petroleum	33	58	10

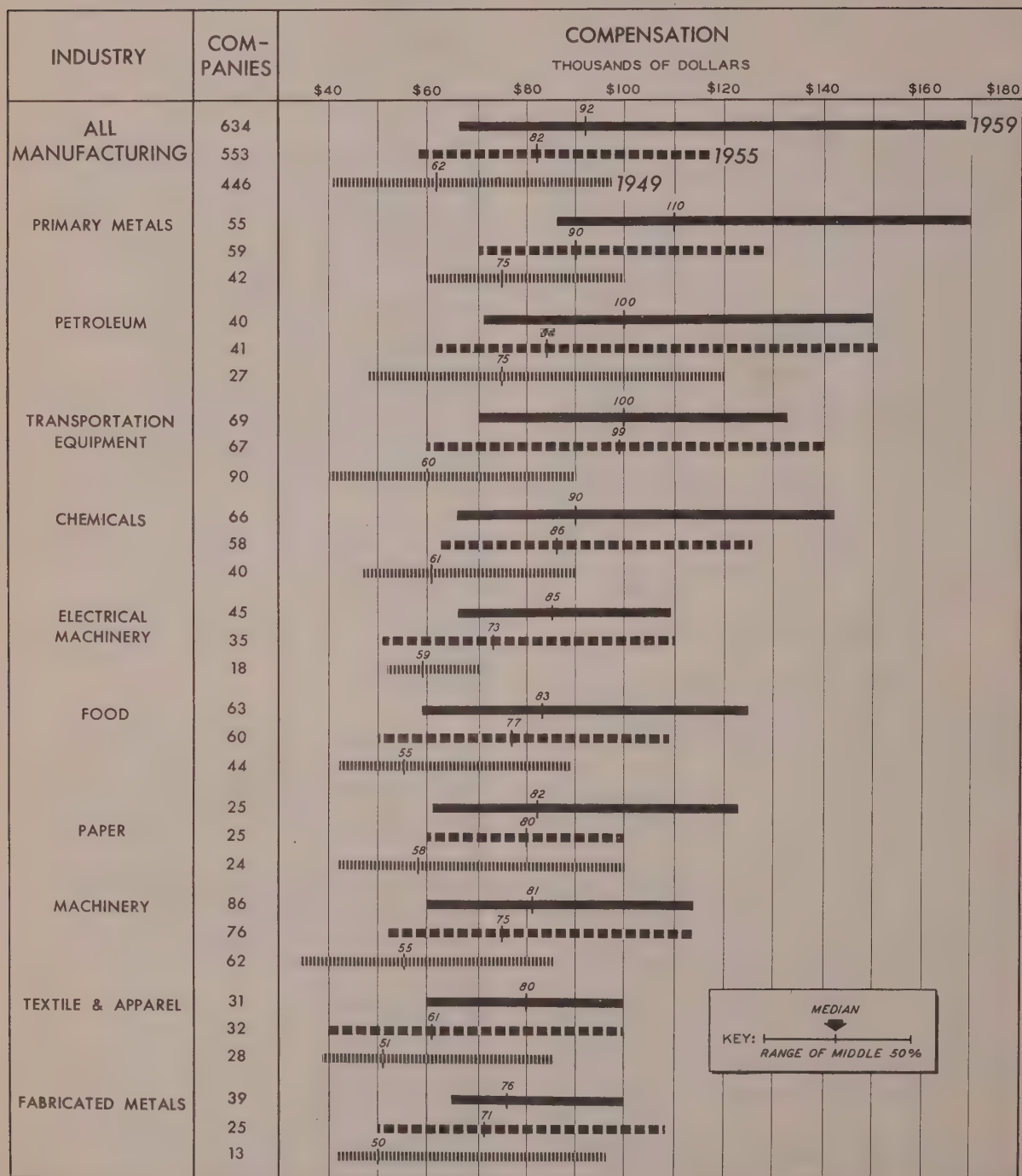
The transportation equipment and textile and apparel industries show an increase noticeably above average; the increase in the average compensation of chief executives in petroleum is noticeably below the average for the decade.

Table 1: Median Compensation and Median Sales, by Industry, 1949-1959

Industry	1959 Median		1949 Median	
	Compensation in Thousands	Sales in Millions	Compensation in Thousands	Sales in Millions
Primary metals	\$110	\$128	\$75	\$ 79
Petroleum	100	263	75	166
Transportation equipment	100	134	61	34
Chemicals	90	101	60	22
Electrical machinery	85	89	59	17
Food	83	154	58	38
Paper	82	84	55	67
Machinery	81	81	55	16
Textiles & apparel	80	62	51	18
Fabricated metals	76	56	50	23

¹ Data for 1959 are from "Top Executive Compensation," *Studies in Personnel Policy*, No. 179, 1960. Data for 1949 are from "Trends in Executive Compensation," *Studies in Labor Statistics*, No. 6, 1951.

Compensation of the Chief Executive, by Industry, 1949, 1955, 1959



The 48% increase in average compensation was accompanied by a 227% increase in the average sales of the total group of manufacturers. The tabulation above indicates that the experience of the ten industries varied considerably, however, ranging from a five-fold increase in average sales of the transportation equipment manufacturers to 58% and 62% increases in petroleum and primary metals, respectively. Furthermore, the percentage increase in sales is only roughly related to the relative increase in compensation, as a comparison of the rank orders of the industries illustrates.

THE 1955-59 PATTERN

During the latter part of the decade the average compensation of the chief executives in the total group of manufacturing companies increased about 12%—from \$82,000 in 1955 to \$92,000 in 1959.¹ This increase in compensation was accompanied by a 34% increase in average sales.

The average compensation of the chief executive in the ten individual industries is shown on the chart. The tabulation below shows the relative increase in average compensation in these industries:

Industry	Percentage Increase, 1955-1959		
	Compensation	Sales %	Rank
Textile & apparel	31%	100%	1
Primary metals	22	41	5
Petroleum	19	14	8
Electrical machinery	16	75	2
Machinery	8	47	4
Food	8	33	7
Fabricated metals	7	65	3
Chemicals	5	10	10
Paper	3	40	6
Transportation equipment	1	13	9

As can be seen, executives in textile and apparel, in primary metals and in petroleum made relative gains appreciably better than average; executives in paper and transportation equipment manufacturing, appreciably less than average.² Again there is no obvious relationship between an increase in compensation and the relative increase in sales in the 1955-1959 period.

RECENT EXPERIENCE 1957-1959

As mentioned previously, the average compensation of the chief executives in the total group of manufac-

turing companies increased 6% between 1957 and 1959—from a median of \$85,000 to a median of \$92,000.¹ In three of the industries, the increase in salary was noticeably above the average.

- The median for the chief executive in textile and apparel jumped 19%—from \$67,000 to \$80,000.
- The increase in transportation equipment was 12%—from \$89,000 to \$100,000.
- The median increased 11% in the food industry—from \$75,000 to \$83,000.

In three industries the increase in the median compensation for the chief executive was about average.

- In primary metals the increase was 6%—from \$104,000 to \$110,000.
- In the paper industry, the increase was 5%—from \$78,000 to \$82,000.
- In machinery, the median increased 4%, from \$78,000 to \$81,000.

The median compensation of chief executives in three industries did not change over the two-year period.

- The median for petroleum remained at \$100,000; for the chemical industry, at \$90,000.
- The median for electrical machinery moved only from \$84,000 to \$85,000.

In fabricated metals, the median dropped—from \$83,000 in 1957 to \$76,000 in 1959.

As might be expected, these averages are the result of balancing out companies in which the compensation of the chief executive in 1959 was higher than in 1957 and companies in which it was lower than in 1957. To show the details of the changes that result in the 6% increase in the median over the two-year period, the compensation of the chief executive in 570 identical companies has been compared.² As Table 2 indicates, the compensation of the chief executive was higher in 1959 in only 44% of these companies; in almost one-third, compensation was identical in each year; and in one-quarter of the companies, the compensation of the chief executive was lower in 1959 than in 1957.

Not all of the ten individual industries show the same pattern for the two years, of course. The three industries in which the median rose more than average (textiles, transportation equipment and food) had a

¹ Data for 1955 are from "Compensation of Top Executives," *Studies in Labor Statistics*, No. 17, 1956.

² Relative compensation gains over the entire decade need not be reflected in the relative gain in the 1955-59 period, of course. For example, the increase for transportation equipment was below average in the 1955-59 period but well above average in the 1949-55 span; thus, over the entire decade, the gain was above average.

¹ Data for 1957 are from "Compensation of Top Executives," *Studies in Personnel Policy*, No. 173, 1959.

² Adequate data were not available for both years for seventy-four companies. This loss of companies reflects mergers, changes in the New York Stock Exchange listing, and other differences in the samples for the two years. Companies that could not be matched were not concentrated in any particular industry.

relatively large proportion of companies with increases for the chief executive: food, 56%; transportation equipment, 52%; and textiles, 50%. Furthermore, in the industry with the largest increase in median compensation—food—only 11% of the companies reported a decrease in the chief executive's compensation—compared with the over-all average of 24% reporting decreases. On the other hand, nearly 40% of the fabricated metals companies registered decreases; this is the one industry in which median compensation declined. The relatively large proportion (50%) of companies in petroleum in which the chief executive's total compensation was the same for both years helps to explain why the over-all median did not increase at all in this industry. In the other five industries, the direction of changes gives only minor clues about the change in median compensation that took place during the 1957-1959 period.

Although Table 2 shows that there are some differences in the direction of change among companies with different 1957 sales volumes, there does not seem to be any particular significance to the differences. Thus, the companies with \$500 million or more in sales and those with less than \$100 million have about the same pattern, which is similar to that for all the companies combined.

The number of companies in the sample is too small to analyze in detail the size of the decreases or increases in the compensation of the chief executive in each industry or sales group. However, by combining all companies that reported an increase, all reporting no change, and all reporting a decrease, it is possible to highlight three other factors that affect the change

in median compensation between the two years. These are (1) changes in sales (2) changes in bonus payments and (3) replacement of the chief executive.

Companies Reporting Decreases

As already indicated, almost one-quarter (137) of the matched companies reported that the chief executive received less money in 1959 than he did in 1957. The cut in compensation averaged about 12%, with the middle half of companies reporting a decrease between 8% and 20%.

However, in almost half (sixty-five) of the companies that registered a decrease, the cut was made in the *base salary* of the chief executive. If it is assumed that companies would not generally cut the base salary of an incumbent president, then it follows that the company changed its chief executive during the two years. Thus, nearly half of the decreases in the compensation of the chief executive are very likely associated with a change of executives. In the other half of the companies, the decrease is entirely in bonus payments, not in base salary.

There are two interesting differences between these two groups of companies. First, the median per cent of decrease is considerably higher (17%) in the companies that changed their chief executive than in those that didn't (10%). And the range of the middle half of decreases is wider (8% to 27%) among the companies where the chief executive was replaced than among those with the same president in both years (7% to 17%).

The other difference between the two groups is the direction of sales volume over the two years. Only

Table 2: Direction of Change in Compensation of Chief Executive, 1957-1959, by Industry and Size of Company

Industry and Sales	Total Companies	With Increase		With No Change		With Decrease	
		No.	%	No.	%	No.	%
All companies	570	253	44%	180	32%	137	24%
Industry							
Food	55	31	56%	18	33%	6	11%
Transportation equipment	63	33	52	15	24	15	24
Textiles	28	14	50	8	29	6	21
Chemicals	60	30	50	16	27	14	23
Fabricated metals	31	13	42	6	19	12	39
Paper	23	9	39	8	35	6	26
Machinery	78	30	38	24	31	24	31
Electrical machinery	43	15	35	16	37	12	28
Petroleum	34	11	32	17	50	6	18
Primary metals	55	17	31	22	40	16	29
All others	100	50	50	40	40	20	20
Sales (in 1957)							
\$500 million & over	70	34	49%	21	30%	15	21%
300-499 million	46	28	61	12	26	6	13
200-299 million	47	24	51	14	30	9	19
100-199 million	109	36	33	37	34	36	33
50-99 million	125	55	44	36	29	34	27
Under 50 million	173	76	44	60	35	37	21

38% of the companies where the chief executive was replaced showed a decrease in sales; some 53% of the companies with the same chief in both years registered a sales decline.¹

Companies Reporting No Change

In almost one-third (180) of the companies, the chief executive in 1959 received the same compensation as in 1957.² In only 30% of these companies were sales lower in 1959 than in 1957, compared with 53% of the companies with a decrease in compensation and no apparent replacement of the chief executive. (All but nineteen of the remaining 126 companies had higher sales in 1959 than in 1957.)

It might be noted, too, that 79% of the companies that reported no change in the compensation of the chief executive are firms in which the entire compensation is base salary; no bonus payments are included in these companies. These companies represent 46% of all companies that did not use bonus payments in either year. On the other hand, only 14% of the bonus-paying companies did not report some change, either up or down, in the compensation of their chief executives.

Companies Reporting Increases

Almost 45% (253) of the 570 companies were paying the chief executive more money in 1959 than they were in 1957.² The median increase over the two years was 15%, with the middle half of the companies registering between 9% and 29% (see Table 3).

In 40% of the 253 companies, the compensation of the chief executive was entirely in the form of base salary; there is no record of a bonus payment in either year. In the other 60% of the companies, compensation is composed of salary and bonus payments.³ As Table 3 indicates, the size of the increase in these two groups differs somewhat. In the nonbonus companies, the median increase was 14%, with the middle half of the increases ranging between 8% and 24%. In the companies with bonus payments, the median increase of 18% is somewhat larger, and the spread of the middle half of the increases is definitely wider—9% to 35%. These differences in the medians and mid-50% ranges are the result primarily of the relatively large proportion of bonus companies that increased the

Table 3: Percentage Increase in Chief Executive Compensation, 1957-59

Percentage Increase	Total Companies with Increase		Number of Companies with			
			Bonus Payments		No Bonus Payments	
	N	%	N	%	N	%
Under 5%	15	6	5	3	10	10
5-9	57	23	37	25	20	20
10-14	43	17	18	12	25	25
15-19	32	13	20	13	12	12
20-24	22	9	10	7	12	12
25-29	21	8	14	9	7	7
30% and over . . .	63	25	47	31	16	16
Total	253	100*	151	100	102	100*

* May not add up to 100 due to rounding.

chief executives' compensation by 35% or more. Nearly one-third of the bonus companies registered increases this large compared with only 16% of the nonbonus companies.

Better than 80% (207) of the 253 companies in which the chief executive earned more in 1959 than in 1957 reported that sales were higher in 1959 than in 1957. Of the remaining forty-six companies that gave an increase, sales were the same in both years in eighteen firms and sales were lower in 1959 in twenty-eight.

Relationship of Compensation to Sales

It is obvious that at least some general relationship exists between the direction of sales and the direction of the chief executives' compensation over the period 1957-59. As already indicated, more than 80% of the companies that paid higher compensation to the top man in 1959 also registered an increase in sales.

Only 70% of the companies with no change in the chief executives' compensation had increased sales. And only 54% of the companies in which the chief executive received less in '59 than in '57 reported a sales increase over the period. Furthermore, sales were down in 53% of the companies that cut the compensation of the incumbent chief executive; sales were off in only 38% of the companies in which the decrease was associated with the appointment of a new chief executive sometime during the period.

This relationship of pay and sales can also be phrased in another way. Of the 376 companies in which sales were *higher* in '59 than '57, only 17% paid the chief executive less in '59; 53% paid more and 30% paid the same in both years. But of the 145 companies in which sales were *lower* in '59 than in '57, 44% gave the chief executive less money in '59; barely 20% paid more; and 36% paid the same amount in both years.

HARLAND FOX

Division of Personnel Administration

¹ In both groups, the remaining companies registered an increase in sales; only a very few had the same sales in both years.

² Whether or not this is the same individual in both years is not known.

³ The salary and bonus could be separated for 120 of these 151 companies. In almost 70% (eighty-three) of these companies the increase in total compensation was due entirely to increased bonus payments; base salary remained unchanged. In the other 30%, base salary increased, with or without an increase in bonus payments.

Communicating Through an Employee Board of Directors

OCTOBER is a special month for employees of Saks Fifth Avenue, parent store of Saks & Company, in New York City. For in that month each year are scheduled nominations and elections to the Employee Board of Directors. There is a real competition, and even electioneering. Staff of the well-known department store vie for places on this board, which has proved a unique and successful two-way channel for exchanging information between employees and management.

In a number of companies there are subsidiary boards known as junior boards of management. But these are made up of junior executives. The Saks board is different. It is made up of nonexecutive employees. No one on the junior or senior executive payroll is eligible for membership.

Like regular directors, members of the Employee Board of Directors hold meetings, and like regular directors they receive fees for their attendance. Also, like regular directors, each member of the board accepts responsibility for making suggestions and voicing criticism that he or she believes is in the interest of better operation of the business.

Origin and Structure

The employee board is now in its twenty-first year. Its origin was the result of a brain wave of F. R. Johnson who at the time was general manager of the store (he is now executive vice-president of Saks & Company). In the hundreds of employees making up the organization, he saw an untapped source of ideas that could be utilized for improvement of all departments in the store. Also, he thought face-to-face communication the best way to explain to all what needed amplification, the best way to stop rumors with truth, the quickest way to find out if anything needed rectifying and to start action if it was indicated. For about thirteen years F. R. Johnson served as moderator of meetings of the Employee Board of Directors. He was succeeded in this capacity by his son, Allan R. Johnson, who is now general manager of the store.

A new board is elected each fall. For election purposes the store is divided into groups called districts,

each of which is represented by a director. A single department in the store may be a district, if it contains a large enough number of employees. When departments are small, several are combined to form a district. At present, forty-nine directors are elected from as many districts, representing the approximately 3,000 employees in the store. About three-fourths of the total employment are women, and it has worked out (not intentionally) that the proportion of women to men on the employee board is in approximately that ratio.

The procedure for nomination and election of candidates is as follows. Toward the end of September, each employee is handed a notice as he enters the store, telling him of nomination day a few days later. (See illustration on page 15.) On nomination day every employee fills out a form, which is given to him by the director who has represented him on the employee board the year before. (The illustration shows a sample nomination ballot.)

Each employee nominates one person from his own department. If he is the only person in his department (this sometimes happens in department stores), he is asked to nominate himself. The election slate for a district is made up of the names of the individuals who have received the top number of nominations in their respective departments. In a district made up of a single department, the three who receive the largest number of nominations become the slate for the district. In a district made up of two departments, the two with the highest number of nominations in each of the departments constitute the slate of four.

On election day, about a week after nomination day, each employee casts his vote for one person from the slate for his district. (The election ballot is reproduced in the illustration.) The one who receives the largest number of votes from his district becomes a director for the ensuing year. The one with second-largest number is named first alternate and the one with third-largest number, second alternate.

A director may be reelected, but only after he has been off the board for a year. Usually, several of the directors in any one year have served before; there is

always a nucleus of experience to help those who have not previously served. Moreover, since some non-member guests are always invited to observe the workings of the board, there is widespread understanding of how it operates.

The store's training department serves as the Board of Nominations and Elections, and members of the retiring Employee Board of Directors act as nomination and election supervisors. Ballots are cast in sealed boxes (shoeboxes with slits in the tops). Both nominating and electing are done on company time. In case of a tie, in either nominating or electing, there is run-off balloting.

Dinner Meetings

At each meeting of the Employee Board of Directors, a four-course dinner is provided by the company. The first meeting usually is held on the last Monday in October. A meeting is held on the last Monday of every month thereafter with the exception of December (too busy) and July and August (vacations). The meetings, held in the Terrace Room, the employees' cafeteria on the top floor of the store, usually last for a couple of hours, from a cocktail at six until adjournment at eight.

Who Attends

Both retiring and newly elected directors attend the first dinner. The new directors and first alternates are present at the second meeting, and new directors and second alternates at the third. After that, only the directors attend, but each time, half of them can invite guests (a single guest each). A director can take any one from his section as guest, but not the same person twice during a year.

At a table on a dais are representatives of management, who can answer directors' questions. They are the general manager of the store, who serves as chairman or moderator of the meeting; the vice-president; the controller; two assistant store managers; the personnel director; the training director; the publicity director; the purchasing agent; the director of selling service; the director of the customer service bureau; and the director of personal shopping. The president and executive vice-president of Saks & Company also attend some meetings.

A separate table is provided for executive guests. These are executives such as buyers, assistant buyers and service managers who are either new on the job or new in the store. They are individuals who have been promoted or who have joined the organization from outside.



NOTICE TO ALL MEMBERS OF THE S.F.A. STAFF

1. On Tuesday, October 4, you will nominate your candidate for the 1960-61 Employees Board of Directors.
2. The person you finally elect will represent you at regular monthly meetings.
3. The success of these meetings depends upon the person you select as your director.
4. Many valuable and practical ideas are in effect as a result of suggestions brought to the monthly supper meetings of the Employees Board of Directors.
5. It's up to you to nominate the person you think will be best qualified to represent you in carrying out the director's duties, as outlined below:
 - a. To promote good-will by his own attitude towards customers and fellow employees at all levels.
 - b. To make constructive suggestions for improving customer service, employee welfare, store maintenance and system procedures.
 - c. To encourage suggestions of a similar nature from members of the departments he represents.
 - d. To introduce these suggestions at the regular meetings of the Board for discussion and action.
 - e. To hold regular meetings with his constituents to acquaint them with the topics discussed at the Board meeting.

Allan R. Johnson

This is a reproduction of the notice distributed to Saks employees a few days before nominations begin. Also shown are sample nomination and election ballots.

Another special table is reserved for the Nine-Fifteen Club, the organization for employees who have twenty or more years' service with the company. (The name is derived from the fact that Saks Fifth Avenue first opened its doors on a September 15th.) The president of the club is a member of the Employee Board of Directors *ex-officio*, and he is permitted to invite from two to four members of the club to each dinner meeting. He tries each time to ask individuals who have not attended before. Many members of the Nine-Fifteen Club, of course, are present in the capacity of directors. The editor of the employee magazine, *Saks News*, also has a standing invitation to attend.

Also invited are any employees who during the past month have received suggestion awards amounting to \$25 or more. These larger awards, under the store's suggestion system, are presented at the Employee Board of Directors' dinner. (Smaller awards are sent through the mail.)

A typical meeting, therefore, is attended by about one hundred persons—about twice the number of directors. The attendance varies according to the number of executive guests and suggestion-award winners.

Order of Business

Following the dinner, the general manager introduces the guests, makes an introductory talk, and presents the suggestion awards with congratulations, after which the meeting is thrown open for directors' presentation of business. Prior to the meeting, each director has asked every employee in his district whether he or she has anything to be brought up at the meeting. Often the individual who has made such a contribution is identified when the director brings a subject before the board; at other times, the director speaks for a group such as "The Girls' Sportswear Department" or "Men's Furnishings."

In response to many of the suggestions or comments, the moderator (general manager) says, "We'll take care of that," and refers it to the executive on the dais who has responsibility for the area that the comment deals with. Or he may say, "We'll look into that," in which case the matter is also assigned to a specific executive. Sometimes it is a question of misunderstanding. A director, for example, suggests something that has already been done, or asks for clarification of a newly inaugurated practice. Often the moderator explains on the spot why certain suggested action is not feasible.

Referral to an executive starts wheels rolling. Before the next meeting of the employee board, the executive

to whom a matter has been assigned either sends a note to the director who has brought the subject up, or tells him personally what has been done about it. The executive also writes a note to the general manager, telling what action, if any, has been taken, and if not, why.

A member of the store's executive office, who has charge of preparation and distribution of minutes of the Employee Board of Directors' meetings, follows through. Two secretaries take minutes of each meeting. These are edited (for brevity, with all ideas retained), and a copy is sent to each employee director and to each floor superintendent and service manager in the store. Every individual who has spoken during the meeting is identified in the minutes, as well as the executives to whom suggestions or criticisms have been referred.

Each director is asked to hold a meeting in his or her district the day after the dinner meeting or as soon thereafter as it is possible to do so. At this meeting the director relays highlights of what took place at the directors' meeting, stressing the things that pertain to the particular district.

Advance Information

In his introductory remarks at the dinner meeting, the general manager often gives the employee directors advance information about company plans, such as redecoration of a department, opening of a new department in the store, or opening of a new store in a suburb. At one of the recent meetings, he described a special issue of the employee magazine that was to appear within a few days, which would feature a newly coined word, "Saksmanship" (to convey a company image of quality and service). Sometimes he compliments a department on a special achievement or asks directors' cooperation in publicizing employee activities, such as the blood bank, sunshine club or choral club concert.

Types of Suggestions

The larger portion of any meeting is devoted to directors' suggestions. While, to outsiders, some of these suggestions might seem trivial, to the person who brings a matter before the employee board it has significance, and each comment is given full and serious consideration.

A comment of a director brings to light an action of which management was unaware. For example, on a day last winter, there was a severe snow storm. A director reported that late sheets for that day had been turned in for the wrappers in the packing department, and they had been docked for the time they

had missed. The general manager at once said that they should not have been docked, and that the mistake would be rectified.

A director inquires why the method of handling employees' packages has been changed. Members of his district are asking. The general manager explains that the new procedure is designed to reduce petty theft and is a measure of protection for the very large majority of employees, who are honest.

The following actual excerpts from minutes of board meetings indicate typical comments and their disposition. In the minutes, names of individuals appear, rather than initials or titles.

Mrs. E. G.—Women's Hosiery: The girls in Women's Blouses asked me to inquire why they must fill out the little sticker that goes in the box with gift merchandise. They list the identical information on their sales checks and ask if they could eliminate the sticker, and just indicate "gift" on the salescheck.

General manager: That little sticker is pasted in the bottom of the box and is of great help to us if a gift is returned for exchange or credit.

Miss P.—Men's Furnishings: The men in the Men's Shoe Department would like to have their carpeting cleaned. When a customer walks across the floor to try out a new pair of black shoes, the shoes become covered with dust.

General manager: We will try a dry shampoo, and if that does not solve it, we will replace the carpeting. (Matter referred to assistant store manager.)

Mr. R.—Men's Clothing: We find that when garments are sent from the alteration room to the packing desk, they may hang there two or three days before they are sent to the customer.

General manager: I don't know the reason for that, and we will look into it. (Referred to assistant store manager.)

Mr. M.—Children's Footwear: Girls between twelve and fifteen years of age cannot buy shoes on the seventh floor because the styles are too old for them, yet they are reluctant to come to our department because of the younger children. The same holds true for the older boys, who don't want to be fitted in the same department with the younger children. We are losing that business. Would it be possible to provide separate areas for those age groups?

General manager: We are trying to do something for the older boys in a separate area, but I don't know what we can do for the girls, since space is at a premium. The Boy's Clothing and Furnishing Departments will be done over according to a plan which we believe is as practical as we can make it. We will see whether it will be possible for us to do something for the girls.

A large proportion of directors' suggestions concern improving service of the store. This may be ap-

proached from the standpoint of convenience for customers: for example, height of counters, more chairs, better elevator service, an additional drinking fountain, another telephone for an especially busy department during the Christmas season, or signs to help customers find their way through departments. Or directors may suggest improvements in equipment that would lead to better service: for example, revision of the salesbook, better lights (for distinguishing colors), lint-less tissue paper for packing, or additional packing space.

Other suggestions concern improvements in the appearance of the store, embracing good housekeeping practices. Sometimes suggestions relate to advertising or publicity. Many suggestions for effecting savings are introduced at the meetings. In this connection, management not infrequently finds it necessary to explain why an apparent immediate saving would not be an economy in view of the long-range goals of the store.

Employee directors relay customers' reactions as well as their own. Any matter can be brought up that employees feel to be significant.

At each meeting, every director or alternate representing him receives a voucher for a \$5 attendance fee. Also, the employee director who has made the biggest contribution to a meeting (judged after reviewing the minutes) receives a pair of tickets for a Broadway show of his choice.

Actually, this extra inducement is not needed to bring forth plenty of suggestions. Experience through the years has convinced employees that top management will permit no reprisal—for instance, on the part of a supervisor who might interpret a director's comments as criticism of his supervision. Directors speak up. New board members and guests attending their first meetings frequently evince surprise at their frankness.

While the board enables employees to feel that they have a part in running the store, management recognizes other distinct advantages. "We have a chance to explain," the general manager says, "and that is most important." Also, the meetings enable executive guests to observe how top management regards employees: the respect it has for their opinions and suggestions and its willingness to admit mistakes and correct anything that is wrong. Junior executives can observe here a type of management in action. Alert executives can learn a great deal from the meetings, and most of them do.

GENEVA SEYBOLD
Division of Personnel Administration

Union Views on Competition from Foreign-made Goods

WHY, did you know," writes the president of a leading steel company, "that . . . West Germany . . . can sell wire for \$28 per thousand feet less than the American product price. This very same sort of thing is taking place in regard to bicycle parts, typewriters, plywood and woolen gloves, to mention only a few items."

This penetration of the American market—often by countries that have the advantages of a newly modernized industrial plant and in addition relatively low labor costs—is at present causing widespread concern in both labor and management circles.

Some labor officials are frankly calling for legislation to "protect" a particular industry or product. Others oppose, or caution against, any direct move toward the high-tariff laws they deem inconsistent with modern American trade policy.

In the latter group are some who advocate a "middle-of-the road approach," one which would leave the national policy on foreign trade largely intact, but would add a measure of protection for industries that have experienced "serious injury or the threat of serious injury."¹ This article summarizes some union views and proposals.

WORLD LABOR GROUPS DISCUSS PROBLEM

The general subject of foreign imports is being brought up at various levels of unionism. For example, at a meeting earlier this year of the executive board of the International Confederation of Free Trade Unions, Walter P. Reuther, president of the United Auto Workers, warned that "pressure is building up in America which will lead to economic isolationism."

Mr. Reuther expressed the view to the ICFTU board members from other nations that although the AFL-CIO is at present committed² to freer international trade, "good will and noble sentiments are an inadequate answer to a worker losing his job because

another worker is making the same product with the same tools but getting half the wage of the American worker. . . . Economic isolationism may become necessary as a matter of survival and that would fragmentize the free world's economy."

Another example of the discussion of this issue at the level of the international labor movement was at a meeting in Copenhagen this year of the newly created International Textile and Garment Workers' Federation.³ Two American unions, through their representatives, introduced resolutions on the import issue. One, the International Ladies' Garment Workers, asked that a special conference be held to raise the standards of apparel and textile workers throughout the world as a safeguard against "unfair competition based on exploitation of labor." The other, the Textile Workers Union of America, asked the federation to develop an agreement which would recognize "the right of each nation or group of nations to establish a level of national production which would be safe from international competition."

Similarly, the United Auto Workers, proceeding on the concept that "a liberal trade policy must include provisions that will promote fair labor standards throughout the world," reports that it has been working through the International Metalworkers' Federation, an organization made up of union affiliates from various countries, to gain acceptance for what are called "international fair labor standards." IMF's executive committee, on October, 1959, committed itself to "study concrete steps" toward this goal.

VIEWS OF THE AFL-CIO

At its convention last year, the AFL-CIO adopted a policy which, though basically in accord with its previous position, included some new features. While emphasizing that it continued to support the Reciprocal Trade Agreements program and the gradual reduc-

² The United Auto Workers' union is similarly committed to freer foreign trade.

³ This body was formed by the merger of the International Federation of Textile Workers' Association and the International Garment Workers' Federation.

¹ The views of this group are expressed in Resolution No. 111, "International Trade," which was enacted at the Third Constitutional Convention of the AFL-CIO, San Francisco, California, September 21, 1959.

tion of trade barriers, the labor federation pointed to the problem of competition from imports and set out various proposals to meet it.

The resolution, which was adopted over the objections of delegates from the potters' and shoeworkers' unions, begins with this statement:

"Widened opportunity for exchange of goods and services can help to assure prosperous economic conditions and higher living standards in the nations of the free world and thus enhance the economic and political strength of the forces of freedom and democracy in the worldwide struggle against Soviet totalitarianism."

The resolution then stated the three principles underlying the federation proposals.

1. "Sweatshop conditions" in exporting countries should be discouraged by the government involved, as well as by the United States through its trade policies.

2. Trade liberalization should be achieved rapidly but not at a pace which would produce or threaten "serious injury to American industries, with consequent large-scale displacement of American workers."

3. A "trade adjustment program" should be developed to deal with reductions in output and employment where these are the result of competition from imports.

Safeguarding Domestic Production

The resolution notes that the Trade Agreements Act requires the United States Tariff Commission (when petitioned) to determine whether importation of a particular product in quantity is producing or threatening serious injury to a domestic industry. If so, the commission recommends to the President the withdrawal of the pertinent tariff concessions, or the establishment of import quotas. This provision, says the AFL-CIO, is authority for administrative action¹ to safeguard "absolute historic levels of domestic production so as to prevent drastic production cutbacks or employment displacement in domestic industries as a result of sudden large influxes of competing imports."

Proposed Trade Adjustment Program

The AFL-CIO's Department of Research has developed the concept of a trade adjustment program in some detail.² It points out that a number of the ideas in the program have appeared in recent years in bills

¹ In implementing the "escape clause" procedure of the Trade Agreements Act.

² See "Memorandum, Trade Adjustment Program," Department of Research, AFL-CIO, Washington, D. C.

introduced before Congress. The purpose of the program is described in this way:

"If increased trade and a continued gradual reduction of tariff barriers are in the national interest, then it must also be in the national interest to help the firms, communities and workers adversely affected by such increased imports."

Under this proposal, the President would be authorized to apply the "special assistance" provisions of the trade adjustment program, as an alternative to withdrawing trade concessions or establishing import quotas, if the tariff commission found that imports were causing or threatening serious injury to an industry. The types of assistance are varied according to what are felt to be the needs of workers, industrial enterprises and communities.

Workers. Assistance to employees would consist of increased unemployment compensation, earlier eligibility (at age sixty) for Social Security pensions, retraining for new job opportunities and transportation of families to new areas of employment where necessary.

Business Enterprises. Loans would be made available to facilitate adjustment "to economic conditions resulting from the trade policies of the United States." Government agencies would supply market research and other information looking toward "more efficient methods of production and the development of new lines of production." Business and industrial enterprises would be permitted to accelerate amortization in order to encourage development of different lines of production, or to achieve "a more balanced economy in an eligible community."

Communities. Loans and information would be available to communities and industrial development corporations, in which firms hard hit by imports predominate. The assistance offered would be on the same general basis as that offered to business enterprises.

The proposal also calls for creation of a "trade adjustment board" which must issue certificates of eligibility to workers, business firms or communities before assistance is possible. The board, consisting of five members appointed by the President, would be authorized to hold hearings before determining eligibility.

Fair Labor Standards

In general, the AFL-CIO urges the incorporation of the "fair labor standards" concept in United States trade policy in the whole range of its legislative and administrative aspects. The fair labor standards ap-

proach is specifically recommended for adoption in the multilateral tariff negotiations beginning in 1960.¹

According to the AFL-CIO recommendation, the United States would "use the lever of tariff and trade negotiations as a means of improving the wage and living standards" in a foreign industry or economy operating under conditions that do not truly reflect productivity or that may involve the "exploitation of labor."²

Each nation in the General Agreement on Tariffs and Trade would be required to file an annual report on what it had done in the previous year to improve labor conditions in those of its exporting industries that have disrupted markets in other countries. A country experiencing such disruption would be able to file a formal complaint with GATT against a nation that was not raising its labor standards.

If investigation bears out the complaint, the member nations of GATT would try to persuade the exporting nation to improve its labor conditions, or if this fails, would request it to establish voluntary export controls. Finally, if considered necessary, the GATT nations might then establish import quotas or tariffs.

VIEWS OF AFL-CIO AFFILIATES

The concept of safeguarding "historic levels of domestic production," as it is described in the AFL-CIO resolution, had been presented in August, 1959, to the AFL-CIO executive council for consideration and possible approval by five unions in the apparel and textile industries.³

The joint statement of the five unions to the council offered the view that, to accomplish the "safeguarding" objective, legislation was necessary giving the United States Tariff Commission power to determine normal levels of production for given products, "on the basis of historic output and the anticipated needs of our rising population." It adds:

"Above this safeguarded level, each product could be imported under existing tariff rates or under future rates negotiated under the General Agreement on Tariffs and Trade,

¹ The term "fair labor standards" continues to be a subject of study and discussion by staff specialists of the AFL-CIO and some affiliates. In "Labor Costs and Labor Standards in International Trade," the remarks of Stanley H. Ruttenberg, director of research, AFL-CIO, to the European Productivity Agency's Working Party Meeting on International Trade and Improvement of Labor Conditions, the view is put forth that no single simplified formula "can describe the entire principle of fair labor standards" and that each situation should be viewed "separately and individually."

² *Ibid.*

³ These are the Textile Workers Union of America; the Amalgamated Clothing Workers; the International Ladies' Garment Workers' Union; the Hatters, Cap and Millinery Workers Union; and the Leather Goods, Plastic and Novelty Workers' Union.

in quantities fixed by the commission on the basis of the difference between historic production levels of the product, adjusted for population changes, and the most recent consumption levels for the product.

"Imports of products in excess of the quantities so determined would be subject to higher tariff rates which would take into account, among other considerations, the wage differentials which exist between the industries of the United States and the exporting countries. All imports from a given country produced by firms or industries in which labor conditions are substandard even in comparison with other firms or industries in that country, should be subjected to the highest scheduled tariffs prevailing for that country."

An early exponent of the concept of safeguarding established levels of national production, TWUA's director of research, Solomon Barkin, has described it this way:

"Any domestic, basic and essential industry in which imports threaten, or have threatened, to curtail domestic output below the 'safeguarded production level' should be entitled to relief by the application of a duty which would assure [to the industry] that sector of the American market."

A foreign trade resolution containing the "safeguarding" proposal was adopted this year by the International Ladies' Garment Workers' Union (by action of its general executive board). It begins by declaring that reliance cannot be placed upon "voluntary quotas" established by the exporting nation. As evidence, the union says that this approach has failed with both Hong Kong and Japanese manufacturers.

The ILGWU policy statement recommends the following five-step procedure:

1. The United States Tariff Commission should be given the power to determine the historic levels of domestic production for specific products with annual adjustments for population growth.
2. The level of domestic consumption for each year should be similarly determined by the tariff commission.
3. Foreign imports in quantities representing the difference between the domestic consumption level and historic domestic production level should be permitted to come into the United States at normal duty rates or at lower rates negotiated through GATT.
4. Foreign imports in excess of such difference should be subject to much higher duties designed to equalize domestic and foreign costs, including labor costs.
5. Foreign imports which come from substandard areas (in terms of the standards of the importing countries) should be subject to the higher duties at all times.

The Amalgamated Clothing Workers of America declares that it has long supported the nation's reciprocal trade policy but that "the Reciprocal Trade

Three Principles of AFL-CIO Foreign Trade Policy

At its convention last year the AFL-CIO adopted a resolution on foreign trade that included a statement of the principles underlying its proposals. The following is a summary of these principles.

1. "Sweatshop conditions" in exporting countries should be discouraged by the government involved, as well as by the United States through its trade policies.
2. Trade liberalization should be achieved rapidly but not at a pace which would produce or threaten "serious injury to American industries, with consequent large-scale displacement of American workers."
3. A "trade adjustment program" should be developed to deal with reductions in output and employment where these are the result of competition from imports.

Act, as it now functions, provides no machinery to safeguard an industry, such as the apparel industry, against being overwhelmed by a sudden surge of imports." Accordingly, it adopted a policy¹ which, among other things, urges Congress to safeguard the historic level of domestic apparel production and also urges the executive branch of government to take all possible administrative action to control the flow of apparel imports so as to eliminate the threat to jobs represented by such imports.

The United Steelworkers' policy on international trade and tariffs,² adopted in 1960, continues the union's support for the reciprocal trade program but suggests a form of relief for plants or industries unduly affected by foreign competition. It states:

"We must assure cooperation with the rest of the world by increasing the exchange of goods among us to our mutual advantage. We support GATT and the Reciprocal Trade Policy under which the free nations make tariff concessions to each other on a quid pro quo basis. We support the proposal . . . that should an industry or even a plant be unduly affected by foreign competition, then the remedy should not be increases in tariff—which have proved futile in the past and have only led to retaliation from abroad to the detriment of many industries—but rather should be a rehabilitation grant which will permit the affected company or industry to adjust itself without loss of business or employment."

¹ The "Resolution on Imports" was adopted at the 22nd Biennial Convention, May 30-June 3, 1960.

OTHER "REMEDIAL" ACTION DISCUSSED

In addition to these measures, a variety of other proposals, some of them outside the field of legislation, are being discussed or recommended by small groups of unions seeking import restrictions. The following are examples.

Restrictive Legislation

The United Mine Workers' policy on foreign trade has been as vigorously protectionist as that of any union in or out of the AFL-CIO. At its convention in 1952, the UMW approved a resolution³ which declared it "shameful that so many legislators, particularly those who come from coal-producing areas, saw fit to vote against regulations for prevention of reckless importation of cheap foreign oil which would have had devastating effects on American industry." At the UMW convention of 1956, the officers report stated that the union had led a "bitter fight against the Reciprocal Trade Act."

More recently, the UMW has urged either an end to reciprocal trade or protection of domestic coal production. The union cites two examples of past action that it believes harmful to the coal industry: the importation of residual oil from South America and cer-

² The policy resolution on the subject of international trade and tariffs was adopted at the union's Tenth Constitutional Convention, September, 1960.

³ The resolution was entitled "Trade Agreements Extension Act of 1949 (Reciprocal Trade Act)."

tain restrictions in Europe on the distribution of American coal.

The Boot and Shoe Workers Union¹ is asking the government to reexamine its position on shoe imports as well as on tariff reductions "so that no one industry and no one group of workers carries the total burden. . . ."

The Theatrical Stage Employees, after expressing concern over the production of motion pictures by Americans overseas, adopted a resolution urging Congress "to end special tax privileges for people in the entertainment industry" and called for "government subsidies to independent producers who make films completely in the United States."

The American Federation of Musicians has asked the support of other unions in an attempt to secure a Congressional investigation² of the use of foreign-made recordings in some television productions. In addition, the Musicians' union is seeking legislation³ to prohibit the importation of such recordings.

"Textile Development" Agency

The Textile Workers Union of America, in a statement before a subcommittee of the Senate Foreign Commerce Committee,⁴ urged the establishment of a permanent federal development agency for the textile industry. Among other things, the agency would study economic and technical developments, promote research, investigate household and domestic textile needs and administer a reduced workweek during periods of recession within the industry.

Economic Pressures

Some unions have turned to economic pressures in negotiations or in the enforcement of labor contract provisions in order to limit the use of so-called "unfair" foreign-made goods in production processes in this country. For example, the Theatrical Stage Employees' union has considered using "all its power and influence to halt 'runaway' film productions by American firms for the American market."

The Hat Workers' union has said it plans to enforce what are called rights "guaranteed in the present collective agreement between the union and millinery manufacturers," so that millinery workers will not be required to work on certain foreign-made hat bodies alleged by the union to be produced through use of a

noxious substance banned in the United States. This economic action is tied in with the union's efforts to combat the loss of employment opportunities from foreign competition.

The Amalgamated Clothing Workers of America has adopted a program that calls for, among other things, "strictly enforcing contract provisions prohibiting unionized manufacturers from contracting or purchasing goods made under nonunion or substandard conditions." According to the union's newspaper *The Advance*, these provisions would "automatically bar handling garments coming from low-wage countries."

President Jacob Potofsky of the Amalgamated Clothing Workers has said:

"We shall enforce our contract provisions against manufacturers who attempt to import the products of sweated labor. We may have to depend on our own strength . . . to defend ourselves against the threat of extinction."

The International Ladies' Garment Workers' Union has concluded a labor contract with the Kenrose Manufacturing Company which undertakes to "indemnify" the union members at four Virginia plants against "either a drop in earnings or a shrinkage in jobs" due to the "transfer of work" to a new plant in Ireland owned by the same company. According to the union, the contract "insures" that union members at the Virginia plants will "be compensated for their losses with a form of supplementary unemployment benefits."

Under the contract, the company is to pay into a jointly administered fund, during each of two annual periods, 30 cents per dozen on all garments made in Ireland and imported into the United States, if these are the kinds of garments, whether finished or unfinished, which the company produces at its Virginia plants. Payments into the fund do not begin until the company has imported 25,000 dozen within a year. This is said to represent about 5% of its domestic production.

The largest total amount the firm is obliged to pay into the fund is \$30,000 for each of the two annual periods, according to the union. No indemnity will be paid (and the money will revert to the company) if, at the end of the two-year period, losses¹ due to the specified cause amount to less than 5%. If they exceed 5%, whatever is in the fund will be paid out to the workers.

¹ The contract states that the losses are to be based either on a decline in sales volume or a decline in the nonsupervisory payroll at the Virginia plant alone, depending on which standard the union selects.

¹ See *The Shoeworkers' Journal*, May-June, 1960.

² A resolution asking for such an investigation was submitted by Senator Wayne L. Morse, Democrat-Oregon.

³ A bill with this objective was introduced by Representative Thomas M. Pelly, Democrat-Washington.

⁴ Eighty-fifth Congress, Second Session, July 9, 1958; on "Problems of the Domestic Textile Industry."

Consumer Boycotts

A number of unions include in their action programs against imports an exhortation to union members not to buy the foreign-made goods considered "unfair." For example in the May-June, 1960, issue of the newspaper of the Boot and Shoe Workers Union, an article on competition from foreign-made shoes asks union members not to buy non-American shoes, adding:

"And certainly you make the effort of your lives to buy, and ask all your friends to buy, only union-label shoes. In this way, you can affect the import trend which will surely hurt you if it continues."

Another example is the following excerpt from the program ¹ of the Amalgamated Clothing Workers:

"In addition, we must launch a national consumer education campaign so that the millions of members of the AFL-CIO and all consumers are aware of the shocking wage and working conditions under which these imported garments are produced. . . ."

PROTECTIONISM CAUTIONED AGAINST

Some labor officials look askance at the slowly rising tide of protectionist sentiment among certain American labor unions.

The president of the International Association of Machinists, A. J. Hayes, acknowledges that many appeals come from local lodges of the IAM "asking the international to adopt a position in favor of higher tariffs on this or that commodity."² He states "that foreign trade constitutes a particularly troublesome problem" to the IAM since the union represents workers in some 250 different industries. The Machinists' leader says:

"Traditionally, organized labor's position with regard to foreign trade has been that low and reasonable tariffs at home are necessary to keep markets open for American goods abroad. Maintaining such a position was not always easy in the labor movement. . . . We know, however, that a tariff favoring one group may easily lessen the job opportunities of many other groups. Despite pressure, we have maintained our commitment to the principle of liberal trade."

His view is that while the United States could survive with a greatly restricted world trade since imports account for only a small amount of our total "our friends and allies could not. For many of these nations, trade is essential." He adds:

¹ Set out in the 22nd Biennial Convention issue of the union's newspaper, *The Advance*, June 15, 1960.

² See "Labor and Foreign Trade," an article appearing in the Fall, 1960 issue of *I.U.D. Digest*.

"Many people who resent the presence of Japanese goods in American stores are completely unaware of how much America sells to Japan. In 1958, for example, we sold \$835 million worth of our goods to the Japanese and received only \$671 million in return. We must understand that there again we are dealing with a nation that must trade or perish. Japan has only one exportable commodity—the skill of her people."

Mr. Hayes said that although "last year our balance of exports over imports fell by one-third as compared to the previous year," he estimates that this year foreign nations will buy "between \$2.5 and \$3 billion more than we will buy from them."

At the convention held this year, the IAM adopted a three-point foreign trade resolution. This directed the officers to (1) call a special conference in which the IAM lodges affected by imports could study the problem, (2) have wage data on foreign countries compiled, and (3) ask certain government agencies to have manufacturers (of products that contain components made abroad) report this fact to purchasers.

An article appearing in the biweekly newspaper¹ of the International Union of Electrical Workers also used the illustration of Japanese imports to explain that, although the IUE represents the employees in this industry and is eager to protect these jobs, "the organization feels that the imposition of trade barriers would endanger our security in the Far East, as Japan turned to other countries to find markets. It would, furthermore, cause Japan to take retaliatory measures by closing her doors to our exports. . . ."

ANTHONY P. ALFINO

Division of Personnel Administration

¹ See "IUE Urges Real Probe on Transistor Imports," *IUE News*, February 29, 1960. This article discusses whether national defense is being threatened by importation of Japanese transistors.

Pension Plans for Home Office Employees—This volume presents an analysis of the basic characteristics of the pension plans of 199 life insurance companies in 1960. Trends are established by comparing these current plans with a similar study done in 1953. Special sections are devoted to the plans in stock companies, mutual companies and Canadian companies. In each case, trends in funding, retirement policy and retirement counseling are described, as well as employee contribution rates, normal retirement formulas, disability pensions, vesting and pre-retirement death benefits *Special Report No. 41, Life Office Management Association, 110 East 42nd Street, New York, New York, 1960, 167 pp., \$4.50.*

Human Values Where People Work

IF ONE did not know the authorship of "Human Values Where People Work,"¹ a phrase in its title would provide a clue. For many years ago, when personnel administration was generally being defined in narrow terms of plans and techniques, Thomas G. Spates in addresses and published articles was emphasizing that personnel administration was the sum total of what happened to employees at the work bench or desk. In 1948, for instance, he said:

"The code of personnel administration is composed of the philosophy, the motives and the methods of organizing and treating people at all levels at the places *where they work* (our italics) so that they will achieve and give the best that is in them, while getting the highest possible degree of individual satisfaction."²

In recent years Professor Spates has been using a more succinct definition which in no way is at odds with the concept just quoted. He comments that "personnel" is a synonym for people, while "administration" expresses the highest form of organization leadership. So his book has to do with the highest form of organization leadership of people.

One other supplementary definition is helpful in following Professor Spates in his discussion of human values. The term "administrative intelligence" recurs repeatedly in his book. By this, the author means the following:

"the knowledge, the skills and the attitudes applied to help in the growth of individual personalities; to satisfy not only their material but also their noneconomic and spiritual needs; to maintain mutually satisfying interpersonal relations among the members of each organizational group; to achieve the proper purposes of an organization by, through and with its people. Administrative intelligence meets its greatest challenge and has its greatest promise in personnel administration, the finest of all the arts and one of the most practical of the sciences."

"Human Values Where People Work" is filled with examples of striking results when, according to the

author, executives have failed to apply administrative intelligence and equally striking successes when it has been utilized. Specific individuals and companies are named. The book is intensely personal. Professor Spates was "in at the beginnings," when company managements first began to realize that people were important in their enterprises and that treating them badly was just plain economic waste.

In his varied career as a laborer in companies where working conditions were "horrible" (he provides examples), in service in the army, as a vice-president for personnel administration for a large corporation and as an advisor to government and industry in personnel relations,¹ he draws on experiences that led to the attitudes, beliefs and convictions that he holds today. "How I Got This Way" is the title of a lively chapter in which he sketches the evolution of personnel administration as he, personally, has experienced it.

The entire book could be described as a history of personnel administration, although it is more than that. There are three approaches. One is through the relation of personal experiences just noted. Another is through brief descriptions of the parts played by individuals whom Professor Spates identifies as "pioneering heroes," who put human and spiritual values "at least on a par with other values at the places where people work."

Twenty-nine of these heroes are named. Two are labor leaders: Andrew Furuseth and Clinton S. Golden. Seven are teachers and authors: Whiting Williams, Mary Parker Follett, Henry Metcalf, Ordway Tead, Ernest Martin Hopkins, Elton Mayo, and Walter Bingham. Fourteen are chief executives: Colby Chester, Henry S. Dennison, Alex Dow, Irene du Pont, George Eastman, E. A. Filene, W. W. Kincaid, Sam A. Lewisohn, L. F. Loree, Charles P. McCormick, William Cooper Procter, Walter Teagle, George M. Verity and Thomas J. Watson. And finally there are the "pros" in the personnel function of general man-

¹ Published by Harper & Brothers, 49 East 33rd Street, New York 16, New York, 1960, 246 pp., \$4.50.

² From an address made to members of the New York Personnel Management Association when accepting the first annual achievement award presented by this organization.

¹ Professor Spates is chairman emeritus, and was formerly chairman, of the Conference Board's Advisory Council on Personnel Administration. He has been a member of this council since its inception in 1922.

agement: Cyrus S. Ching, J. Walter Dietz, Channing Rice Dooley, E. K. Hall, Clarence J. Hicks and Arthur H. Young. Professor Spates knew all except three of these individuals personally. That some will feel there are serious omissions from his list he does not doubt, but these are the ones, he says, whose leadership rang his bell the loudest.

The third method of tracing the growth in appreciation of human values is more familiar—a chronological presentation of events beginning with 1911 and extending through the “fabulous Fifties” when “the status of labor had come full cycle from underdog to overlord to the threshold of public condemnation.” Acts of irresponsible labor leaders had repeated a pattern established by some business tycoons—“betrayal of a public trust, disregard for basic human values, abuse of power.”

At this point, the author might appear to be gloomy about the status of personnel administration, but the book ends on a high note in which there is spotlighting of principles and policies that have proved practical and rewarding. In a consolidated balance sheet, Professor Spates summarizes the situation as it was in 1913 contrasted with forty-five years later. For instance:

1913—Employment by a crook of the finger

1958—Personal interviews and test batteries

1913—The once-over by the gang boss

1958—Thorough medical examination, for determining physical fitness

1913—Sudden and irregular layoffs in seasonal industries

1958—A high degree of employment stability through changed attitudes and better planning

1913—Dictatorship and autocratic paternalism

1958—Democratic leadership and consultative supervision

Professor Spates challenges the “debunkers” who recently have maintained that there has been too much emphasis on human relations in business. The performance of practical personnel administration is sufficient answer to their criticism, he maintains. “By God, it works, sir,” wrote a member of Professor Spates’ first class at Yale, who very skeptically had applied the principles of personnel administration on a job where he needed cooperation of many workers to develop a new type of antenna filter in a hurry.

Professor Spates’ book expresses his philosophy of life, which the author is convinced is realistic. This, plus cumulated experience, has made personnel administration something very special to him. For those seeking a guide to personnel goals of tomorrow, this book offers the experiences of a man who has seen the failures of the last half century, yet is assured of the inevitability of the triumph of human values where people work.—G.B.S.

Management Bookshelf

Elements of Managerial Action—The authors offer this book for use either as a text or as a reference work in management development programs and in university classes. They wrote it to fill a need they felt for a work that would include the behavioral and personal aspects of management together with the purely functional aspects. In doing so, they have drawn upon research in such fields as psychology, sociology, and anthropology, as well as the literature of organization and management. *By Michael J. Jucius and William E. Schlender, Richard D. Irwin, Inc. Homewood, Illinois, 1960, 439 pp., \$9.*

Food Service in Industry and Institutions—In the foreword, this 8½" x 11" book is described as “the first book to be published which is entirely devoted to a detailed explanation of food service as it should be conducted in hospitals, schools, colleges, and industrial plants.” The book contains dozens of photographs of equipment, kitchens, and food service areas. Among the fifteen chapter headings are “Objectives and Policies in Industrial and Institutional Feeding”; “The Food Service Organization”; “Food Service

Layout and Equipment: Illumination, Preventive Maintenance”; “Purchasing, Receiving and Storage”; and “Menu Planning.” Also considered are the preparation and cooking of food, sanitation, safety, costs, and laws and regulations affecting food services. *By John W. Stokes. Available through “Inplant Food Management” magazine, 71 Vanderbilt Avenue, New York 17, New York, 1960, 261 pp., \$8.*

How To Be a More Creative Executive—How to generate new ideas and novel solutions to problems is the subject of this book by an advertising executive and consultant. He discusses ways in which a person may become more creative personally and may help others to function more effectively and dynamically in problem-solving groups. While devoting some pages to theoretical background, the major portion of the book is purposely given over to what the author calls “the preferred ways and apparently the better ways” of developing creativity. *By Joseph G. Mason, McGraw-Hill Book Company, New York, New York, 1960, 281 pp., \$5.95.*

Safeguarding Confidential Information

THE FACT that many of the engineers being hired today have gained knowledge of trade secrets and other such confidential information in their previous jobs poses a problem for their new employer. He hires them for their know-how and experience; yet he realizes they have an obligation to safeguard confidential information already acquired.

How this problem is handled in practice is indicated by the findings of a survey¹ recently conducted by the Engineers Joint Council. Its Committee on Employment Conditions sent a questionnaire to some 800 companies that hire significant numbers of engineers.

About 44% of the 206 companies replying say they discuss the areas of specific information gained on previous jobs in employment interviews. As one company executive explains: "We would logically expect to cash in on the experience of new employees so long as there are no legal entanglements, such as patents, publications, etc." The rest, by inference, rely on the general information covered in employment applications to inform them of the background of prospective employees.

Two-thirds of the participants show by their comments that they recognize the existence of the problem of safeguarding prior confidential information. Few of them, however, either assume any responsibility for determining prior employee commitments or set up a framework for keeping employees' knowledge confidential.

Employee's Integrity Relied on

Most of the comments place responsibility mainly or entirely on the new employees. One company representative puts it this way: "We rely upon the integrity of the engineer to reveal to us those things which we mutually agree can ethically be disclosed if pertaining to information gathered in prior employment." Only a few of the respondents state that they explore the employees' prior contractual obligations with respect to patents and disclosures of trade secrets.

¹ Full findings of the survey have been published in a report entitled "A Survey of Employer Practices and Expectations Concerning the Safeguarding of Proprietary Rights." Copies of this report may be secured without charge from the Engineers Joint Council, 29 West 39th Street, New York City.

Going a step further, the council also asked the companies what they do about protecting their proprietary rights to whatever confidential information they make available to the engineers after hiring them.

The Employment Agreement

Close to half (48%) of the respondents say they execute an employment agreement covering patent assignments and/or nondisclosure of proprietary information. These agreements, as shown by the sample copies returned with the completed questionnaire, vary widely as to context, scope and postemployment limitations. Some merely contain a provision for patent assignments or work carried out for the company during employment tenure. Others commit the employee to assist the company for an indefinite period after termination in patent actions arising from employment and, at the same time, impose permanent prohibitions against utilizing for the benefit of other any technical knowledge gained as a company employee.

Two-thirds of the firms that reported executing protective agreements described their contents; about half of them sent actual samples. The council found from an analysis of this information, that 50% of the agreements contain clauses that (1) provide for cooperation in obtaining patents and (2) limit disclosures of proprietary information.

However, the infrequency with which prior-agreement obligations are investigated at the time of employment indicates, in the council's opinion, "an evident reliance on the engineer's responsibility to determine largely for himself what information he can carry and use from job to job."

Of course, it is not always easy for an engineering employee to know precisely what job information a employer considers confidential unless he is given specific guidance. In answer to a question on this point, half the employers felt their areas of confidential information were generally defined for the employees concerned, but only 20% of these companies gave specific guidance on a particularized basis to their employees.

"In our experience," one company executive com

nents, "there is little that can be done to prevent an individual from utilizing know-how acquired with us after being hired by a competitor. Obviously his value to either us or the competitor is based on his accumulated knowledge and experience."

Termination Interviews Used

Although about a third of the respondents use termination interviews to remind the employee in general of obligations covered in his employment agreement, less than 5% of them spell out explicitly in the termination interview what they regard as

confidential information which the employee is bound not to use in the future to benefit himself or other employers.

Here again, the council points out, is evidence of a general attitude that reliance is placed almost solely on the individual employee to distinguish between proprietary and general information. "We do not," as one employer expresses it, "expect to make use of knowledge of a secretive nature which employees acquired in other employment . . . we expect a gentlemen's agreement in reverse when the employee leaves our organization."—J.R.O'M.

Management Bookshelf

Training American Businessmen for Work Abroad—This paper-covered book describes eight courses in the United States and one in Mexico City that are designed to prepare American businessmen for working in a foreign country. These programs acquaint future overseas personnel with the culture, business conditions, and sometimes the languages, of other countries. The book gives details on the coverage of the courses and their cost, and it explains whether or not wives may also enroll. *By Jane Dustan. Council for International Progress in Management (USA), Inc., 247 Park Avenue, New York 17, New York, 32 pp., \$2.50.*

The New Labor Law—This booklet contains proceedings of four conferences on the 1959 Labor-Management Reporting and Disclosure Act which were held at the University of Minnesota. Possible effects of the law on unions and management are discussed. Participants in the conferences included attorneys, professors, and government officials. *Ed. by Philip Ross and Joan G. Kilpatrick, Industrial Relations Center, University of Minnesota, Minneapolis 14, Minnesota, 1960, 113 pp., \$1.*

The Public Stake in Union Power—Contained in this volume are sixteen lectures delivered at the University of Virginia by guest lecturers. The lectures include: "Labor Union Power and the Public Interest," "Union, Inflation, and Profits" and "Regulating Unions." *Ed. by Philip D. Bradley, University of Virginia Press, Charlottesville, Virginia, 1959, 382 pp., \$7.*

Managerial Decision Making—The author states that "business managers, supervisors, and individuals may and do successfully make some valid decisions without any previous study of logical methodology. 'But,' he goes on, 'it is equally true that a person usually does a thing better if he knows what he is doing, why he is doing it, and how to do it.'" To help businessmen know what, why,

and how decisions are made, he sets forth the principles and procedures of formal logic—a methodology for arriving at valid decisions. To provide readers with an opportunity for practicing the method, twelve case histories of actual organizations, primarily business firms, are appended to this text. *By Robert W. Morell, The Bruce Publishing Company, Milwaukee, Wisconsin, 1960, 201 pp., \$6.*

Social Science Research on Business: Product and Potential—During the past six years the Ford Foundation has been interested in exploring the possible contributions of social science research to the conduct of business. The present report was prepared for the foundation by three social scientists—a psychologist, a sociologist and a political scientist. Each reviews and comments on the research that has been done and that is being done in his field. *By Robert A. Dahl, Mason Haire, and Paul F. Lazarsfeld, Columbia University Press, 2960 Broadway, New York, New York, 1959, 185 pp., \$3.*

Health Insurance—This book describes the basic characteristics of insurance for the payment of medical bills. The various types of contracts and types of organizations involved are discussed in detail, as well as underwriting procedures, rate setting, and claims adjustment. The final chapters are devoted to a history of health insurance and significant trends. *By Edwin J. Faulkner, McGraw-Hill Book Co., Inc., New York, New York, 1960, 636 pp., \$8.75.*

Glossary of Personnel Management and Industrial Relations Terms—Over 300 terms used for communicating in management activities are defined in this glossary. Where a term admits of differing interpretations, the meaning given is the one the compilers considered to be most widely accepted. *By Division of Management Research and Development, Society of Advancement of Management, Inc., 74 Fifth Avenue, New York 11, New York, 1959, 39 pp., \$2.*

PERSONNEL PRACTICES

Christmas Mailing Service

Buying stamps or mailing a package at Christmas time can sometimes dampen Yuletide spirits. It often entails the ordeal of waiting in a long line at the post office. But the employees of the plants of The Standard Register Company in Dayton, Ohio are spared this inconvenience. Every December they are permitted to purchase stamps and to mail their Christmas cards and packages at the company mailing department during regular working hours. Cards and packages are accepted at the mail window each morning from ten to ten-thirty. To speed deliveries, employees are advised to tie their local and out-of-town cards in separate bundles. Stamps are sold from ten-thirty to eleven-fifteen. To facilitate the purchases, one person is named in each department to obtain stamps for his entire department.

TV Stands Distant Guard

The two television sets in the guard office at the main gate of the plastics plant of the Union Carbide Corporation in Bound Brook, New Jersey are not for watching football games. They are part of a closed-circuit television system that controls personnel entering and leaving the plant by way of a clockroom entrance a half mile away.

At this distant entrance, a wire-mesh barrier has been set up with an electrically controlled door. Within the enclosure, a pair of TV cameras have been mounted on the wall to monitor the area. A person seeking entrance during off hours (the door is unlocked and manned during the Monday-to-Friday day shifts and during the periods of regular shift changes) must place his ID badge in a special rack equipped with a magnifying glass and signal the guard at the main gate office by pressing a button. After the identification, the guard releases the lock on the enclosure door by remote control, thereby giving the person access to the plant. Conversely, anyone desiring to leave the plant at this point during off hours is required to press a button on the other side of the enclosure door and identify himself in the same way

before he can exit. A two-way communications system permits the guard to communicate with the person seeking ingress or egress from the plant, as required.

Before installation of the remote-control TV system, the company had to maintain a guard at the clockroom entrance during the off hours. Now the guard on duty at the main gate switchboard during these hours has the two television monitoring sets in front of him and the intercom speaker and control panel at his elbow. He operates them as a part of his job.

Employee Store Profits Go to Charity

Profits from operation of the employees' store and canteen at Fieldcrest Mills, Inc. in Spray, North Carolina will be paid into a recently organized philanthropic foundation dedicated to the promotion of "religious, charitable, scientific, literary, and educational causes." Known as the Fieldcrest Foundation, it was set up primarily as a medium for handling all company contributions to charitable causes.

Initial projects of the foundation are college scholarship grants for employees or children of employees and assistance to several local service organizations in a program aimed at improving community playground and recreational facilities for children.

Small Company Gives Unique Scholarship

The scholarship offered by a New England company is unusual in three aspects—the size of the company offering the award, the eligibility rules for candidates, and the additional contributions underwritten by the University of Pennsylvania.

The George T. Johnson Company of Medford, Massachusetts employs thirty people. Its sales are approximately \$1 million a year. It does not have a trust fund established for philanthropic giving but provides a \$2,000 scholarship award out of current operating profits, payable at the rate of \$500 a year.

Only sons and daughters of janitors in the New England states are eligible for this scholarship award. The company's reason for restricting it to this group is described by the company president as follows:

"Our company is a distributor of janitor supplies, and although janitors do not purchase our material directly, they are the end users. We believe the award is a small way of saying 'thanks' to this group of forgotten men who often are overworked and underpaid. We thought the program would gain them some recognition and encourage them about their children's chances to gain a higher education. We know this to be true in some cases because parents have notified us that their children started to 'knuckle down' when they learned about the scholarship. Heretofore, most of them had no prospects of going to college."

The third unusual feature of this plan is the offer of the University of Pennsylvania to give additional assistance to the scholarship winner if he elects to attend that particular school. Such assistance equals whatever funds the individual may need beyond his Johnson scholarship. In cases of extreme financial necessity, the college underwrites all expenses of tuition, books, lodging, meals, etc. because it believes this program is worthwhile and offers a new source of talent.

Rehabilitation Program Lightens Tax Load

In the 1960 state-federal vocational rehabilitation program, 88,300 handicapped persons were rehabilitated. This exceeded all previous records; in 1959 the number was 80,700.

Of the people helped in the 1960 program (during the government's 1960 fiscal year), 18,000 were originally on relief—at an annual cost to the taxpayer of \$17 million. Their rehabilitation was accomplished at a total cost of \$16 million.

These workers are now wage earners and taxpayers. Predictions based on past performance of similar groups are that they will pay back in federal income taxes alone several dollars for every dollar invested in their rehabilitation by the Federal Government.

Special Driving Course for Employees and Their Families

Again this year, Nationwide Insurance in Columbus, Ohio has made special arrangements for its employees and members of their families to learn to operate a car under the guidance of certified high school driving teachers. Each applicant must have a learner's permit; and, as in the company's other educational assistance programs, employees who complete the course successfully will be given a refund of half the cost.

Nationwide initiated this driver education course over a decade ago in the interest of promoting safety

on the roads. In announcing this year's course, the company's safety department quotes statistics showing that no serious injuries or fatalities were reported among 68,788 high school students who took a similar course taught by the same teachers in 243 local school systems during the 1957-58 school year. A further advantage of the course, it adds, is that employees' sons who pass the course are eligible for an insurance rate credit.

Reporting Personals While They're Still News

The *Multiliner*, monthly magazine for employees of the Federated Insurance Companies, has dropped "Along Personal Lines," a section that reported employees' personal activities. It was found that most of the items had lost their news value by the time they appeared in print. Instead, each of the company's six divisions and the home office at Owatonna, Minnesota are now covering personal items in bulletins called "Local Color."

Prepared by local staffs—usually one or two individuals who combine reporting and editing with other duties—the bulletins are distributed twice a month. This permits publication of the personal items on a more timely basis. The change also allows more room for general-interest feature articles and departments in the *Multiliner*, which has been published continuously since 1934.

Better Methods Rewarded

Three members of the Better Timers Club at the Sonoco Products Company in Hartsville, South Carolina were recently awarded shares of company stock for their "extraordinary work," during the first half of 1960, in Sonoco's better-methods program. As part of this program, any employee can qualify for membership in the Better Timers Club by completing either two or more better-method projects that save the company \$10,000 a year or five such projects with an annual savings value of \$5,000. Once qualified, an employee must complete and submit at least one additional better-method project every six months to retain his membership.

Twice a year, club members are invited to a banquet at which the awards for outstanding contributions are presented. The shares of Sonoco stock awarded to the three top Better Timers at this fall's banquet (five, three, and two shares, respectively) were for better-method projects that are expected to save the company over \$130,000. Putting the suggestions to work cost the company less than \$1,000.

Clothier Brings Shop Back to New York

SIX MONTHS after an arbitrator assessed a clothing manufacturer \$204,000 in damages for moving his plant from New York in violation of an agreement with the Amalgamated Clothing Workers of America, *The Advance*, ACWA semimonthly, reports that an accord has been signed that will bring the clothier's factory back to New York.

Before concluding this agreement, the apparel maker unsuccessfully appealed to the New York courts to overturn the arbitrator's award. The six-year pact, says the union publication, relieves the clothier of his obligation to pay damages to the union. In return, the clothier promises to comply with the other parts of the arbitrator's decision. These require him to "cease" operations at his new site and reestablish in New York a factory "similar in size" to the one he formerly operated.

All work now in progress at the Mississippi site must be transferred to New York union shops, declares the union periodical. The clothier is also compelled to reassign the lease of the plant to the Southern community which had built it for his use.

Moreover, the new agreement obliges the apparel maker to grant two weeks' vacation pay to his former employees. The union estimates that this provision will cost between \$35,000 and \$40,000.

Meanwhile, the United Sheworkers were awarded approximately \$78,000 in damages for an employer violation of a similarly worded contract clause. The employer, reports the *AFL-CIO News*, had shut down his ununioned Philadelphia site and expanded operations at a nonunion factory.

Of the total damages, \$50,000 were awarded punitively, states the federation publication, for the "undermining" of the collective bargaining reputation of the United Sheworkers. Also, the union was awarded \$4,257 in damages for loss of dues from the time the company relocated in 1957 and \$23,760 for the estimated loss of dues during the next twenty years, "the minimum life expectancy of the company."

The company, in announcing that it would appeal the decision, argued that the damages for loss of dues should have been limited to what the union would

have received up to December 1957, the expiration date of the agreement.

UIU Sets Up Governing Body

At a special convention called to "adjust its internal constitution and general laws to the requirements of the new federal labor law," the Upholsterers' International Union announced the formation of a "council of delegates" as its new governing body.

During the four-year period between conventions, reports the *UIU Journal*, this council, composed of all of the "regular" convention delegates, is empowered "to continue to act" by making changes in union laws and by voting on members' appeals in disciplinary actions. However, the setting of dues and the election of officers are specifically excluded from the council's jurisdiction.

These procedural changes have been made because of the union's belief that "the unavoidable postponement of members appeals to the next convention provides a regrettable excuse for court intervention in the internal affairs of our union . . . under the restrictive provisions of the Landrum-Griffin Law."

Since the founding of the union in 1882, declares the *UIU Journal*, this is only its second special convention. The first was held in 1938 to "revamp the administration of the UIU so take full advantage of the National Labor Relations Act and the opportunities offered by the emphasis on industrial unionism." The next regularly scheduled convention, says the union paper, will be held in Cleveland in 1962.

SIU and Teamster Feud Continues

Recent articles appearing in the *Seafarers Log* indicate that the feud between the International Brotherhood of Teamsters and the Seafarers' International Union continues unabated.

The 75,000-member SIU asserts that it has turned back two Teamster "raids on the SIU's jurisdiction." The union, claims the SIU paper, defeated President Hoffa's home local, Local 299 of Detroit, in an NLRB election on the Great Lakes. The victory adds a bar-

ining unit of 500 seamen to the Seafarers' ranks. At the same time, in Puerto Rico, the Seafarers bested the Teamsters in an election to determine the bargaining representative for 400 cannery workers, says the SIU. The Seafarers view this election as "their biggest victory in three years of island-based organizing."

Just two months prior to this election, other Seafarer activity in Puerto Rico prompted the *International Teamster*, official union monthly, to attack the SIU in its pages. Four hundred Seafarer "goons" lined ranks with police squads, declares the Teamster magazine, to crush a picket line manned by Teamsters in a strike against an island publisher. As a result of injuries suffered in the attack, charges the *International Teamster*, one union member died. The magazine story also includes photos that purport to substantiate the Teamsters' charges.

National ILGWU Severance Pay Fund Established

The International Ladies' Garment Workers' Union recently announced the negotiation of the "first nationwide severance pay benefit to be won by American workers."

The intent of the fund, states David Dubinsky, ILGWU president, is to provide benefits to workers whose companies go out of business in the garment industry, "which historically has a high rate of business failures."

Benefits to 400,000 eligible union members will vary from a minimum of \$50 to a maximum of \$1,600, says *Justice*, ILGWU periodical, depending on two factors—average weekly earnings of the workers and their length of service with the firm. In all cases, one quarter of the total benefit will be paid to the worker at the commencement of unemployment. Thereafter, weekly payments ranging from \$12.50 to \$25.00, continues the article, will be disbursed up to a maximum of forty-eight weeks.

Initial funding of the national plan was accomplished by the transferral of \$3 million from the various regional funds which were previously negotiated. Compulsory employer contributions of 1/2 of 1% of payroll are expected to swell the fund by \$5 million a year. Benefits will not be paid to the unemployed union member, it is noted, until the constituent regional fund to which his employer subscribes has received two years of employer contributions. This latter requirement is designed to provide the fund with a \$10 million reserve.

Administration of the fund will be handled by a thirty-man board of trustees, with membership equally divided between management and union representa-

tives. David Dubinsky has been appointed chairman of the fund.

Merger of Postal Unions Announced

A merger agreement has been signed which will unite, "under the banner of the AFL-CIO," the 100,000-member National Federation of Post Office Clerks, AFL-CIO, and the 35,000-member United National Association of Post Office Craftsmen, independent, in the "largest union of post office clerks."

The newly formed organization, declares the *Union Postal Clerk*, NFPOC monthly, will be known as the "United Federation of Post Office Clerks." The union expects to begin operations in March, following membership ratification of the agreement.

On the merger date, says the NFPOC magazine, the assets of both organizations will become the property of the United Federation of Post Office Clerks. Locals of the two unions operating in the same city shall be required to merge into a single local within sixty days following the parent merger. Per capita payments to the new organization have been fixed at 75 cents per month.

Appointed to the positions of president and secretary-treasurer in the new organization are E. C. Halleck and John F. Bowne, who currently hold these posts in the NFPOC. Joseph Thomas, president of the UNAPOC, will become the director of organization in the new union.

The union periodical notes that President Halleck, as his "first official act," extended an invitation to leaders of five other postal unions to discuss "ultimate unity of all groups in the post office clerk category."

ITU Holds Nationwide Educational Sessions

An "extensive series" of educational seminars for International Typographical Union members is being conducted at geographical centers throughout the United States and Canada, notes the *AFL-CIO News*.

These seminars, which are designed to operate as "little ITU conventions," were inaugurated during this past spring. At each session, relates the federation weekly, the international's "top officers" discuss policy matters and procedures. In addition, international union department heads lecture on subjects such as apprenticeship, contracts and public relations.

Seven seminars already have been held at locations within access of 200 of the union's 750 locals. Union leaders eventually hope to hold these seminars in all the regions where the international has locals.

JOHN J. MCKEW

Division of Personnel Administration

Organizing the Research Function—Appendix¹

Johns - Manville Corp.

Vice-President for Research and Development

The basic objective of the research-development function in Johns-Manville is to improve and maintain the quality of products, and to develop new products and processes that are necessary to maintain and expand the firm's business.

Decision upon the program of research-development proceeds out of consultation with an agreement by those responsibilities whose interests are affected.

Under the general direction of the vice-president for research and development, a new business development program, a general company research program, and a research program for each division is proposed, planned and carried out. The new business development program and the general company research program is established with the approval of the president. Each division program is established with the approval of the division general managers.

Within limitations prescribed by the president, certain development work may be undertaken by the division at plants or by the general engineering department.

The president delegates responsibility to the vice-president for research and development as follows:

1. To provide the company as a whole and each operating division with the research and development services needed to insure that products of adequate variety and quality are available for manufacture and sale.
2. To recruit, train and administer a staff of professional and nonprofessional people and to maintain and operate the research center economically and effectively.

Division Research-Development

3. To develop new or improved products to satisfy the market requirements specified by each division manager as necessary for his division's operation.

The general manager of the division will decide upon the importance and preferred order of precedence of process and product development projects of his division.

Concurrence by the vice-president for research and development is required to advise (a) that there is a reasonable possibility of developing a product with the required properties and cost, and (b) that the total requests of the division manager lie within available facilities and manpower. If they do not, the vice-president will describe the limitations and seek an adjustment in the program.

4. To design, construct, and operate at the research center, pilot plant equipment to establish the process conditions necessary to produce new or improved products, and to gather preliminary information regarding the type of equipment most suitable for producing these process conditions.

¹ This appendix supplements the article appearing on page 2.

(The general engineering department and the interested division personnel shall be consulted in planning this program and designing its equipment.)

5. To propose that the division initiate activities leading to plant-scale production of products which have the properties specified by the division as necessary to meet a commercial need and for which the development of process and equipment information has been carried as far as practical on a pilot plant basis.

(The division manager may decide, at any time, that the work has proceeded to the point where it would be to the division's best interest to transfer further work on methods and equipment development to its plants under division production technical responsibility.)

6. For the foregoing purpose, or upon request, to supply the division with such information about product properties, equipment and process requirements as will enable it to analyze the financial desirability of the proposal and to decide whether it is practical to manufacture and sell the product.

7. To define, for products selected for production, the process conditions which, if produced on plant equipment, should make possible economical production with the required uniformity and recovery.

8. Upon request, to supply such technical assistance as the division may require in order to establish the manufacture of new or improved products or to analyze and correct production problems relating to existing products.

9. Upon request, to supply technical data relating to performance and limitations of use of products, and of competitors' products, to all whose responsibility requires such information.

10. To conduct such experimental work as may be requested by the divisions to determine the best way in which products can be used by customers and to determine the adaptability of products to new uses.

11. To suggest to the division managers those areas where technical possibilities provide opportunities to improve or diversify the division's product line.

12. To set the standards of quality of products with the concurrence of the division general managers.

13. To study proposals for changes in products and processes that affect quality and to make appropriate recommendations to those whose responsibility requires such information.

14. To provide for adequate interchange of information respecting programs that may be conducted in the same field.

15. On request, to produce material for sale by the division on pilot plant equipment if this can be done without greater interference with the division research-development program than the division manager deems justified.

General Research and New Business Development

16. To plan and carry out a research-development program in order to accomplish objectives of general company interest, including:

- (a) Basic research seeking scientific knowledge to assist product development and open up new areas for product development.
- (b) Exploratory research investigating product and process possibilities which are too speculative or too far removed from present operations to provide financial justification for inclusion in division programs.
- (c) Development of products and processes of possible benefit to two or more divisions or outside of present division interest.

17. To search for and identify new product ideas that might lead to the development of new businesses and would contribute substantially to future company growth and profits; and to propose development programs based upon such product ideas.

As here used, a new product is one that does not have close relationship to the interests of any operating division; or, that affects the interests of two or more divisions; or, that requires an investment in development and commercialization expense that would be disproportionate to the normal interests of a division.

18. As authorized, to provide for such research and development work, market surveys, engineering, experimental production, and arrange for such other services as may be required to commercialize and market products of a new business development project.

19. As requested, to make field market surveys for other company organizations.

20. As requested, to supply the divisions with specialized assistance in the market introduction of new products.

21. To provide for adequate interchange of information where two or more divisions are simultaneously developing new markets for the same or similar materials.

Patents

22. To provide professional services with the objective of securing the full economic advantages to be derived from protection of rights to use inventions developed or owned by the company and designs of products and processes, and from sale or license of their use to others.

23. To provide patent legal services to protect company patents, trade-marks, copyrights, and other rights on inventions, designs and processes, and to defend these rights against litigation.

24. To provide advice to other responsibilities concerning problems related to trade-marks, copyrights and licenses; and, at their request, to take all actions necessary to procure due protection thereof.

25. To contract for outside counsel when necessary.

26. Upon request, to provide advice and consultation in this field to other responsibilities.

Business

27. To provide for the nontechnical functions and services required for those operations of the research center which are not directly concerned with the experimental work of the professional staff and their helpers.

General

28. Upon request, to assist in the conduct of process and product development work undertaken by other segments of the company.

29. Where there is a requirement for technical skill, facilities or other services that are beyond the personnel and facilities of the research organization, to call upon or contract with others to supplement research and development activities.

30. To record data related to research and the development of improved and new products and processes, including the purpose of the project, the progress, and the findings that lead to their adoption.

31. To report upon the progress of research and development work periodically, as required by the president or a division general manager, and to suggest changes in the research program.

32. To pursue such other studies and duties in this field as the president may direct.

* * *

General Mills, Inc.

Research Department

The research department shall be responsible for:

(a) The conduct of all research, except that specifically assigned to an operating division;

(b) The planning and carrying out of policies as approved by the research policy committee;

(c) The continued maintenance of and improvement in the quality and competitive advantages of our existing products;

(d) The continued improvement in the quality and efficiency of processes and packaging;

(e) The development of new products, processes and methods that will expand the company's services, its volume of business, and profit in the fields in which it is now engaged;

(f) The development of new commercial fields in which the products have special attributes, characteristics and values that lift them into the field of preferred competition;

(g) The conduct of fundamental research to secure new knowledge that leads to products with special attributes, characteristics and values;

(h) The maintenance of contacts with universities, outside industries and research institutions for the purpose of:

(1) maintaining current contact with sources of new knowledge and new developments in the broad field of research;

(2) promoting the technical acceptance of new products of the company; and

(3) recognizing potentially fruitful new commercial fields.

(i) The maintenance of a library and files of information with appropriate service staff adequate to the scientific and technical needs of the company;

(j) The maintenance of effective contacts with all divisions and departments of the company from which requests for investigations may originate or in whose activities opportunities for technical improvements may be found;

(k) The conduct of specific research projects for the divi-

sions which have their own research facilities, but only as requested by those divisions and agreed to by the managing director of research:

(l) Carrying promising processes through the stage of pilot plant demonstration of technical practicability of process, economics of production, product acceptability and commercial volume and profitability;

(m) Following through, when commercial plants begin operation, in an advisory capacity with the operating divisions for such period as may be of assistance to them in establishing the efficient operation of plant and process.

The research department is under the direction of the managing director of research, who is responsible to the vice-president in charge of research.

The research policy committee shall furnish counsel, exercise surveillance and approve the annual plan of operations for all of the company's research operations.

* * *

American Radiator and Standard Sanitary Corp.

Director of Research

I. Basic Function

As a staff member of management, the director of research promotes and guides the contributions of the technical research function to profitable growth throughout the corporation by conducting corporate-wide research planning and policy development, by providing coordinative guidance to operating divisions in their research activities, by assisting operating divisions where possible in their technical product development activities, by providing such central corporate research programs, staff and facilities as may be required, and by advising and making recommendations to the president in the determination of over-all corporation objectives, policies, and plans wherever the technical research function or the foregoing activities are involved.

II. Responsibilities and Authority

Within the limits of authorized corporation policies, procedures, programs and budgets, he is responsible for and has commensurate authority to accomplish the duties set forth below. These are corporate-wide responsibilities, and in no way modify or diminish the responsibilities of operating division research or engineering executives.

(1) Develops and recommends such corporate-wide technical research policies and programs as are necessary to support the profitable growth and implement the general policies and goals of the corporation.

(2) Coordinates such research activities as the operating divisions may undertake and advises the president of any unnecessary duplication.

(3) Stimulates and encourages the operating divisions in increasing the adequacy and quality of their research programs.

(4) Arranges for dissemination of information on divisional research activities among the various other divisions through reports, meetings, etc.

(5) Sees that the president and the operating divisions are kept informed of scientific and technological developments in fields of present or potential interest to the corporation.

(6) As delegated by the president, represents the corporation on technical research matters in professional societies, industry associations, government advisory committees and other groups.

(7) Advises and, as necessary, assists the technical product development facilities of the divisions in taking over the results of research from both inside and outside the corporation and applying them to development of a new product.

(8) Establishes and administers a corporate-owned central research laboratory whose functions shall be as follows:

- a. Investigate new ideas which, if successful, can provide the operating divisions with the bases for future products or manufacturing processes.
- b. Within the discretion of the director of research to assist the operating divisions on technical problems which arise during the course of their work, especially if the problem is common to more than one division.

(9) As head of this laboratory, he will:

- a. Establish its research program in the light of the corporate-wide research program set up above.
- b. Consult marketing and commercial development divisions from a long-range marketing viewpoint, technical and manufacturing services divisions from a long-range manufacturing viewpoint, and the appropriate operating division or divisions from both a marketing and manufacturing viewpoint as necessary, before a project is established in the laboratory and review the progress of each laboratory project periodically from these divisions' viewpoints.
- c. See that the research program in the laboratory is executed efficiently and in accordance with schedule.
- d. See that patent counsel is notified of any invention produced by members of the laboratory in the course of their work so that the corporation's interest may be properly protected.
- e. See that the laboratory personnel keep informed and up to date on scientific and technical matters within their fields and continue to improve themselves professionally and to this end provide for laboratory seminars, opportunity for outside instruction, attendance at professional society meetings, etc., with due regard for their primary duties.
- f. Execute the general administrative responsibilities of such a facility, including the maintenance of all buildings, fixtures and equipment, cost accounting, procurement, communication and transportation procedures, records of all experiments and technical reports, and development of long-range plans for continually improving the central research facility.

(10) Execute the general responsibilities common to all executive and supervisory positions.

III. Relationships

He will observe and conduct the following relationships:

1. The Corporation President

He is accountable to this executive for proper interpretation and fulfillment of his function, his specific

and general responsibilities and related authority, and his relationships.

- (2) *Heads of the Operating and Other Service Divisions*
 - a. He will coordinate his efforts and cooperate with these executives on matters of mutual concern.
 - b. At the direction of the president or on request by the operating division heads, he will provide functional guidance to their subordinates engaged in research activities.

- (3) *Engineering Societies, Industry Associations, Philanthropic Research Organizations, Government Agencies*

He will conduct such relationships with organizations in these and related categories as are necessary to the accomplishment of his function.

- (4) *Others*

He will conduct such other relationships as the president may from time to time specify.

* * *

An Auto Manufacturer

Vice-President—Engineering and Research

The vice-president—engineering and research, as a staff officer of the company, is responsible to the chairman of the board and the president for recommending major company product engineering objectives, policies, and organization, in conformance with approved company policies and programs. As chairman of the engineering advisory committee and member of the company technical evaluation committee, he will furnish technical counsel and recommend for review by the technical evaluation committee the proposed projects of scientific laboratory, engineering research, and advanced product engineering. He is also responsible for directing activities for scientific exploration, basic research, advanced and military vehicles engineering, and vehicles testing, as well as other engineering services originating within engineering staff. The vice-president will functionally control, throughout the company, the product engineering of its products and concur in the engineering feasibility of proposed vehicle packages before presentation to respective company committees.

General Functions of the Staff

1. Administer scientific laboratory projects to search for and create new concepts in the broad fields of thermodynamics, conversion of heat to energy, human engineering, electronics, and other scientific activities which extend beyond the scope of automotive engineering problems.
2. Conduct engineering research in the areas of physical, chemical, mechanical, electrical, radiographic, and metallurgical sciences applicable to basic automotive engineering.
3. Develop advance product designs and prototypes for vehicles, also components, controls, and vehicle structures for possible future use on company products. Operate required facilities for such programs.
4. Determine the engineering soundness of new devices, parts, and accessories for use on company products.
5. Concur in proposed vehicle packages on such factors as dimensions relating to comfort and convenience, over-all package configuration, and basic engineering principles.
6. Perform special military vehicles engineering.

7. Formulate and set forth the policies, procedures, and standards necessary to assure the required functional control of product engineering activities throughout the company.

8. Advise, assist, and concur in the organization and the selection or change of assignment of all key personnel in product engineering activities throughout the company.

9. Provide and maintain facilities and equipment as required for activities located in the research and engineering center and company vehicle proving grounds located outside the center. Also, furnish the following services, as required by occupants of the above areas as well as other company components: office and material services, graphic arts and reproductions, purchasing, accounting and industrial relations.

* * *

Bennett's

Vice-President and Technical Director

Reports to:

President and General Manager

Supervises:

Chemists and Laboratory Technicians
Paint Production Supervisor
Colorant Packaging Supervisor
Plant Engineer
Secretary, general

General Function:

The vice-president and technical director is responsible for all company research, product development, testing and quality control standards. He establishes product development plans and programs, within the financial resources available, that will achieve for the company a position of leadership in the discovery, development and improvement of products within the company's chosen field. He further establishes specifications governing the product quality, devises methods for controlling quality, directs the company's product inspection program, and is responsible for the quality of all products produced in the factory.

The vice-president and technical director is also the chief manufacturing executive of the company. He is responsible for the establishment of policies relating to selection and maintenance of equipment requirements in the manufacturing process, production planning, industrial engineering, plant engineering and policies relating to production of products to meet established quality and cost standards. He is the principal advisor to the president on matters relating to plant facilities and capacity and the ability to manufacture a proposed new product.

The vice-president and technical director is responsible for representing the president and general manager and serving as a central point of reference for all problems involving the occupancy of the 21st South building and grounds.

Principal Duties and Responsibilities:

1. Develop broad objectives and programs for product development activities. Define and direct specific research and development projects within established objectives.

Direct production department on transition of products from laboratory to production status.

2. Develop broad quality control objectives and policies. Direct plant quality control procedures and programs with the production supervisors and assist production personnel in installing approved procedures and programs.

3. Designate, through thorough directed testing, approved raw material suppliers and direct whatever tests are necessary to see that standards are maintained.

4. Establish the in-process and finished goods inspection program including sampling and testing procedures.

5. Review and audit periodically quality control work for conformance to procedure and policy.

6. Prepare reports covering analysis and recommendation for corrective actions on the quality of products at all states of manufacture, including surveys of complaint reports and analysis of returns from the field.

7. Direct the technical personnel in assisting the production supervisors daily in solving production problems concerning quality control.

8. Participate in professional and technical societies and groups to keep abreast of new developments and to create and maintain good will for the company and its products.

9. Direct the personnel of the technical division to obtain the greatest utilization of time, talents, and laboratory facilities in accomplishing technical objectives.

10. Develop policies relating to manufacturing, industrial engineering, production control, plant maintenance and layout and manufacturing methods and processes.

11. Counsel with the president and other division heads on matters relating to the manufacture of a proposed new product and decisions of whether to make or buy.

12. Notify the marketing division of any changes in formulae of regular line products.

13. Develop policies relating to the occupancy of the 21st South building and grounds.

14. Approve any major building changes at the 21st South plant which may be proposed by any of the departments at 21st South, submitting such changes to the president and general manager for final approval as provided in company policy.

15. Approve major rearrangements which may be suggested either inside or outside the building.

Principal Cooperative Relationships

1. Cooperate with the vice-president of marketing in identifying new or improved product opportunities and in supplying technical assistance to sales personnel.

2. Work with the vice-president of marketing and field sales personnel in defining product quality problems, probable approaches to the problems, and determining disposition of customer complaints.

3. Cooperate with the controller in the development of budgets covering technical activities and administrative and control procedures.

4. Cooperate with the personnel director in carrying out personnel administration policies and programs of the company.

5. Maintain close relationship with paint research associates, colorizer associates, and other industry technical groups and raw material suppliers.

6. Cooperate with other division heads in the company regarding matters relating to factory production, quality control and product development.

7. Cooperate with other division heads in the company regarding matters relating to the occupancy of the 21st South building and grounds.

Shaving Overseas Personnel Costs

If you want to cut overseas personnel costs and improve relations with local governments, bring your American employees home, says Dr. John C. Shearer in a study of fifty-two American companies with foreign operations.¹

Dr. Shearer proposes "100% national" staffing of subsidiaries as a solution to many wage and morale problems that arise in foreign operations, instead of the "combination" staffing of nationals and Americans (with Americans in all top positions), practiced by most American companies overseas.

For each American brought in, the company must pay transportation and shipping costs, pay higher than local wages, and incur high work losses due to rapid turnover and acclimatization difficulties.

The author notes that imported Americans are

generally rated by their home offices as only slightly more efficient but eight times more costly than locally employed nationals. However, Americans are needed, companies believe, because "inherent weaknesses"—alleged character weakness, lack of company loyalty, and weakness in dealings with their governments—disqualify nationals from top spots. This disqualification, however, makes it difficult to find and keep able foreign nationals; they usually leave when they realize they can get only so far in the company.

To support his own view, Dr. Shearer quotes the experience of the "100% national" companies who send in Americans only occasionally, and then primarily for training purposes.

These companies, says the author, have found none of the alleged "inherent weaknesses." Efficiency has been high, and though they admit that qualified people are scarce, these firms have no difficulty keeping nationals whom they have trained.

¹ Dr. Shearer's findings are contained in "High-Level Manpower in Overseas Subsidiaries: Experience in Brazil and Mexico," Industrial Relations Section, Princeton University, Princeton, New Jersey, 1960, 161 pp., \$3.

Significant Labor Statistics

Item	Unit	1960							Year Ago	Percentage Change	
		Oct.	Sept.	Aug.	July	June	May	Apr.		Latest Month over Previous Month	Latest Month over Year Ago
Consumer Price Index (BLS)											
All Items.....	1947-1949 = 100	127.3	126.8	126.6	126.6	126.5	126.3	126.2	125.5	+0.4	+1.4
Food.....	1947-1949 = 100	120.9	120.2	120.1	120.6	120.3	119.7	119.5	118.4	+0.6	+2.1
Housing.....	1947-1949 = 100	132.2	132.0	131.5	131.3	131.3	131.2	131.4	130.1	+0.2	+1.6
Apparel.....	1947-1949 = 100	111.0	110.6	109.3	109.1	108.9	108.9	108.9	109.4	+0.4	+1.5
Transportation.....	1947-1949 = 100	146.1	144.7	146.2	145.9	145.8	145.6	146.1	148.5	+1.0	-1.6
Medical Care.....	1947-1949 = 100	157.3	156.9	156.7	156.4	156.1	155.9	155.5	152.5	+0.3	+3.1
Personal Care.....	1947-1949 = 100	134.0	133.9	133.8	133.4	133.2	133.2	132.9	132.5	+0.1	+1.1
Reading and Recreation.....	1947-1949 = 100	121.9	122.1	121.9	121.6	121.1	121.4	121.1	119.7	-0.2	+1.8
Other Goods and Services.....	1947-1949 = 100	132.7	132.7	132.4	132.2	132.0	131.9	131.9	131.6	0	+0.8
Employment Status (Census)											
Civilian labor force.....	thousands	71,069	71,155	72,070	72,706	73,002	70,667	69,819	70,103	-0.1	+1.4
Employed.....	thousands	67,490	67,767	68,282	68,689	68,579	67,208	66,159	66,831	-0.4	+1.0
Agriculture.....	thousands	6,247	6,588	6,454	6,885	6,856	5,837	5,393	6,124	-5.2	+2.0
Nonagricultural industries.....	thousands	61,244	61,179	61,828	61,805	61,722	61,371	60,765	60,707	+0.1	+0.9
Unemployed.....	thousands	3,579	3,388	3,788	4,017	4,423	3,459	3,660	3,272	+5.6	+9.4
Real Earnings (BLS)											
Employees in nonagricultural establishments, total.....	thousands	p 53,676	r 53,693	r 53,320	53,184	53,560	53,195	53,076	n.a.	A	n.a.
Employees in nonagricultural establishments, without Alaska & Hawaii ¹	thousands	p 53,345	r 53,446	r 53,062	52,923	53,309	52,957	52,844	52,569	-0.2	+1.5
Manufacturing.....	thousands	p 16,330	r 16,491	r 16,386	16,250	16,422	16,348	16,380	16,197	-1.0	+0.8
Mining.....	thousands	p 657	r 663	r 672	655	681	677	677	621	-0.9	+5.8
Construction.....	thousands	p 3,012	r 3,068	r 3,130	3,098	2,977	2,890	2,590	2,961	-1.8	+1.7
Transportation and public utilities.....	thousands	p 3,888	r 3,907	r 3,921	3,939	3,942	3,924	3,917	3,910	-0.5	-0.6
Trade.....	thousands	p 11,733	r 11,654	r 11,592	11,591	11,637	11,543	11,620	11,551	+0.7	+1.6
Finance.....	thousands	p 2,501	r 2,516	r 2,536	2,530	2,496	2,469	2,463	2,441	-0.6	+2.5
Service.....	thousands	p 6,704	r 6,702	r 6,685	6,715	6,745	6,717	6,644	6,614	A	+1.4
Government.....	thousands	p 3,510	r 3,445	r 3,140	3,145	3,409	3,449	3,553	3,274	+2.0	+4.1
Production and related workers in mfg. employment.....	thousands	p 12,254	r 12,395	r 12,265	12,145	12,332	12,292	12,334	12,201	-1.1	+0.4
All manufacturing.....	thousands	p 6,909	r 6,947	r 6,833	6,888	7,056	7,084	7,123	6,786	-0.6	+1.8
Durable.....	thousands	p 5,345	r 5,448	r 5,432	5,257	5,276	5,208	5,211	5,415	-1.9	-1.3
Nondurable.....	thousands	p 5,345	r 5,448	r 5,432	5,257	5,276	5,208	5,211	5,415	-1.9	-1.3
Average weekly hours.....	number	p 39.6	r 39.5	39.8	39.8	40.0	39.9	39.4	40.3	+0.3	-1.7
All manufacturing.....	number	p 40.2	r 39.9	40.0	40.0	40.4	40.4	39.9	40.9	+0.8	-1.7
Durable.....	number	p 38.9	39.0	39.5	39.5	39.5	39.3	38.6	39.5	-0.3	-1.5
Nondurable.....	number	p 38.9	39.0	39.5	39.5	39.5	39.3	38.6	39.5	-0.3	-1.5
Average hourly earnings.....	dollars	p 2.31	r 2.30	2.28	2.29	2.29	2.29	2.28	2.21	+0.4	+4.5
All manufacturing.....	dollars	p 2.46	r 2.46	2.44	2.44	2.45	2.44	2.44	2.36	0	+4.2
Durable.....	dollars	p 2.09	2.09	2.07	2.09	2.08	2.07	2.06	2.02	0	+3.5
Nondurable.....	dollars	p 2.09	2.09	2.07	2.09	2.08	2.07	2.06	2.02	0	+3.5
Average weekly earnings.....	dollars	p 91.48	r 90.85	90.74	91.14	91.60	91.37	89.83	89.06	+0.7	+2.7
All manufacturing.....	dollars	p 98.89	r 98.15	97.60	97.60	98.98	98.58	97.36	96.52	+0.8	+2.5
Durable.....	dollars	p 81.30	81.51	81.77	82.56	82.16	81.35	79.52	79.79	-0.3	+1.9
Nondurable.....	dollars	p 81.30	81.51	81.77	82.56	82.16	81.35	79.52	79.79	-0.3	+1.9
Straight time hourly earnings (estimated).....	dollars	p 2.26	r 2.25	2.22	2.23	2.23	2.23	2.23	2.14	+0.4	+5.6
All manufacturing.....	dollars	p 2.39	r 2.40	2.37	2.37	2.37	2.37	2.38	2.28	-0.4	+4.8
Durable.....	dollars	p 2.05	2.05	2.02	2.04	2.03	2.02	2.01	1.97	0	+4.1
Nondurable.....	dollars	p 2.05	2.05	2.02	2.04	2.03	2.02	2.01	1.97	0	+4.1
Turnover Rates in Manufacturing (BLS)											
Separations.....	per 100 employees	n.a.	p 4.2	4.3	3.6	3.2	3.3	3.6	4.7	n.a.	n.a.
Quits.....	per 100 employees	n.a.	p 1.8	1.5	1.1	1.1	1.1	1.1	1.4	n.a.	n.a.
Layoffs.....	per 100 employees	n.a.	p 1.8	2.2	2.0	1.6	1.6	2.0	2.8	n.a.	n.a.
Discessions.....	per 100 employees	n.a.	p 3.5	3.8	2.9	3.6	3.2	2.8	3.1	n.a.	n.a.

The following eight industries also exclude Alaska and Hawaii. p Preliminary. r Revised. n.a. Not available. A—Less than .05%.

Significant Pay Settlements

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
DURABLE MANUFACTURING		
Allis-Chalmers Manufacturing Co. with <i>Independent Engineers and Draftsmen Assn.</i> at the West Allis Works. 900 salaried Effective 10-1-60. Contract expired New contract: 2 years. Discussion reopener 11-1-61. All provisions of contract remain in effect unless modified by mutual agreement	2.5% general increase (\$10.38 per month mini- mum)	No change
Bell Aerosystems Co. with <i>UAW</i> in Buffalo and Niagara Falls, N. Y. 895 hourly Retroactive to 7-15-60. Reopener Contract expires 5-1-61	No general increase; 5¢ cost-of-living allowance converted to base rates	Added: Prorated vacation pay for employ- ees retiring before 7-1-60 Revised: Pension plan
Bendix Aviation Corp., Red Bank Div., with <i>IUE</i> in Eatontown and Red Bank, N. J. 800 hourly Retroactive to 8-15-60. Contract expired New contract: 3 years	5¢ per hour general increase; triple time for holi- days worked Deferred increase: 6¢ per hour 2nd year; 6¢ per hour 3rd year	Revised: Pension plan with monthly benefit \$2.50 (was \$2.25). Life insurance is now \$7, (was \$3,000)
J. I. Case Co. with <i>UAW</i> in Racine, Wis. 1,900 hourly Effective 9-19-60. Contract expired 3-1-60 New contract: 2 years. Wage reopening 2nd year	4% general increase; triple time for holidays worked (was double time)	Revised: Contributory group insurance plan
Dreis & Krump Manufacturing Co., with <i>IAM</i> at Chicago, Illinois 460 hourly Effective 9-26-60. Contract expired New contract: 3 years	4¢ to 10¢ per hour general increase (8¢ average); night shift differential of a flat 10% now lim- ited to 10% or 30 cents, whichever is lower Deferred increase: 5¢ to 11¢ per hour increases on 10-1-61 and 10-1-62	Revised: Limitations on hospital benefits sp- ecified Added: Clause eliminating Christmas bonu- s gift
Hamilton Manufacturing Company with <i>Carpenters</i> at Two Rivers, Wisconsin 1,125 hourly Retroactive to 6-20-60. Contract expired New contract: 2 years. Reopener on wages only 6-20-61	5% (7¢ to 12¢ per hour) general increase for day workers. 3% increase in base rates for piece workers	Revised: 3 weeks vacation after 15 years (was 2 weeks)
I-T-E Circuit Breaker Company with <i>Electrical Switchgear Union, ind.</i> at Philadelphia, Pennsylvania 3,600 hourly and clerical Effective 9-24-60. Contract expired New contract: 2 years	2% general increase Deferred increase: 2% general increase effective 2nd year	No change
Mirro Aluminum Company with <i>District 50, United Mine Workers, ind.</i> in Mani- towoc and Two Rivers, Wisconsin 1,900 hourly Retroactive to 8-19-60. First contract Duration: 1 year	8¢ per hour general increase; shift differentials increase from 7¢ and 10¢ an hour to 9¢ and 12¢	Revised: Vacation provisions
Twin Coach Company with <i>UAW</i> in Buffalo, New York 218 salaried Effective 9-15-60. Contract expired 6-1-60 New contract: 3 years	\$2 to \$4 per week general increase retroactive to 5-1-60. 9¢ of the 12¢ cost-of-living allowance was incorporated into base rate. Escalator clause continued but future adjustments lim- ited to 6¢ over the next three years Deferred increase: Additional increases ranging from \$2.20 to \$4.40 per week, effective 5-1-61; and from \$2.80 to \$3.60 per week, effective 5-1-62	Added: Dec. 24, 1962 to be a paid holiday Revised: Life insurance to \$5,000 (was \$3,000) hospitalization, daily rate to \$20 (was \$16.50) \$400 for incidental expenses and up to \$350 surgical benefits; company-paid major me- dical protection for employees and dependent effective 6-1-61
Wagner Electric Company with <i>IUE</i> at St. Louis, Missouri 4,000 hourly Effective 10-1-60. Wage reopener Contract expires 10-1-61	6¢ per hour general increase	Revised: 1 to 3 days' paid funeral leave (was 4 weeks' vacation after 25 years)

Significant Pay Settlements—continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
Westinghouse Electric Corporation with <i>E, UE, ind. and Federation of Westinghouse Dependent Salaried Unions.</i> 40,000 hourly and unskilled. Nationwide Effective 10-17-60. Contracts expired New contracts: 3 years	Increases ranging from 4¢ to 10¢ an hour Deferred increase: 4¢ to 10¢ an hour effective 4-16-62	Revised: 4 weeks' vacation after 20 years; in- creased hospitalization and sickness and acci- dent benefits; major medical and pension Added: Layoff income and benefits plan
Weyerhaeuser Timber Co. with <i>Pulp, Sulphite & Paper Mill Workers</i> in Carpen- terville, Illinois 8,000 hourly Retroactive to 8-12-60. Contract expired New contract: 2 years	7¢ per hour general increase; adjustment in 1 classification of 10¢ per hour; oiler classification added to wage schedule Deferred increase: 7¢ an hour effective 8-12-61	Revised: Reduced eligibility requirement for holiday pay; life insurance to \$2,000 (was \$1,000); increased hospital and surgical bene- fits (company pays added cost); insurance coverage for dependents on a contributory basis
NONDURABLE MANUFACTURING		
American Luggage Works, Inc. with <i>Leather Goods Workers</i> at Warrent, Rhode Island 300 hourly Effective 10-10-60. Contract expired New contract: 27 months	6¼% general increase; 1½ time after 7½ hours daily Deferred increase: 5¢ per hour general increase, effective 7-15-61	No change
T. Babbitt Co. with <i>Chemical Workers</i> in Los Angeles, Calif. 116 hourly Retroactive to 9-1-60. Contract expired New contract: 2 years	8¢ per hour general increase; two new classifica- tions added Deferred increase: 9¢ per hour, effective 2nd year	Added: Full pay for 1st week off as result of industrial accident Revised: Vacation provisions
Columbia Mills Inc. with <i>Textile Workers</i> at Minetto, New York 260 hourly Retroactive to 7-1-60. Contract expired New contract: 2 years	5% (7½¢ to 11¢) per hour general increase Deferred increase: 5½¢ per hour, effective 7-1-61	Added: one holiday; retirement severance pay Revised: Hospital and surgical insurance; 3 weeks' vacation after 13 years (was 15)
Diamond National Corp. with <i>Pulp, Sulphite & Paper Mill Workers</i> in Red Bluff, Calif. 364 hourly Retroactive to 8-1-60. Contract expired New contract: 1 year	8¢ per hour general increase; 10¢ per hour in- crease for lead mechanics, 12¢ per hour in- crease for "C" mechanics New minimum rates for women, \$1.89 per hour; for men, \$2.16 per hour Increase of 2¢ per hour on shift differential	Added: Jury duty pay
F. Goodrich Footwear & Flooring Co., Divi- sion of B. F. Goodrich Co., with <i>Shoe Workers</i> at Watertown, Massachusetts 200 hourly Retroactive to 7-25-60 (Signed 9-21-60). Wage reopeners Contract expires 7-9-61	9½¢ per hour general increase, plus 5¢ per hour additional to certain skilled classifications	No change
International Shoe Co. with <i>Shoe Workers and Boot and Shoe Workers.</i> Nation- wide 12,300 hourly Effective 1-1-61. Contract expired New contract: 2 years	Deferred increases: 5¢ per hour general increase, effective 1-1-61. 3¢ per hour, effective 1-1-62	Revised: Increased hospital benefits
Timberly Clark Corporation with <i>Papermakers & Paperworkers; Pulp, Sulphite and Paper Mill Workers</i> at Memphis, Tenn.; Neenah, Wis.; and Munsing, Mich. 3,000 hourly Retroactive to June, July & August, respec- tively. (Signed in September and October) Contracts expired New contracts: one year	4% general increase (minimum of 7¢ an hour at Munsing and 8¢ an hour at Neenah and Mem- phis), plus classification adjustments ranging from 1¢ to 4¢ an hour	Revised: Increased company contribution to group health insurance; jury duty pay
Nekoosa-Edwards Paper Co., with <i>Paper Employees</i> at Nekoosa and Port Edwards, Wisconsin 200 hourly Retroactive to 6-1-60. Contract expired New contract: 1 year	4% general increase, retroactive to 6-6-60. 4 hours' minimum call-in pay	Added: 4 weeks' vacation after 20 years, effec- tive 6-1-61 Revised: Jury duty pay. 3 additional days per- sonal leave for death in family if employee has previously used up the guaranteed 5 days' per- sonal leave
Plastic-Soft Material Manufacturers Association with <i>Plastic Employees</i> at New York, New York 3,000 hourly Retroactive to 8-16-60. Contract expired Contract expires: 3 years	8¢ per hour increase for cutters and shipping clerks. 6¢ per hour general increase for all other workers	No change

Significant Pay Settlements—concluded

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
Saco-Lowell Shops with <i>Textile Workers (TWUA)</i> in Biddeford, Me. 850 hourly Effective 9-15-60. Contract expired New contract: 2 years	5% general increase Deferred increase: Additional 4% for incentive workers and additional 6% for all others in 9-15-61	No change
Upholstered Furniture Manufacturers Associa- tion with <i>Furniture Workers</i> in the New York City area 2,000 hourly Retroactive to 8-31-60. Contract expired New contract: 3 years	15¢ per hour general increase Deferred increases: 10¢ per hour, effective 2nd year. 10¢ per hour, effective 3rd year	Added: 3rd week of vacation effective third ye of contract
NONMANUFACTURING		
Bath Iron Works Corporation with <i>Shipbuilding Workers</i> at Bath and East Bruns- wick, Maine 2,400 hourly Effective 10-17-60. Contract expired Contract expires: 3 years	5¢ per hour general increase for probationary employees. 7¢ per hour for 1st class mechanics Deferred increase: 5¢ per hour increase 2nd and 3rd year for probationary employees. 8¢ per hour increase 2nd and 3rd year for 1st class mechanics	Revised: Sickness and accident benefits to \$ (were \$35) per week
New York Shipbuilding Corporation with <i>Boilermakers</i> at Camden, New Jersey 11,000 hourly Retroactive to 6-24-60. Contract expired New contract: 3 years	10¢ per hour general increase Deferred increases: 10¢ per hour increase effec- tive 6/61. 8¢ per hour increase effective 6/62	Revised: Holiday premium pay. Retirement benefits; surgical benefits; and major medic insurance plan
Twin Coach Company with <i>UAW</i> in Buffalo, N. Y. 218 salaried Effective 9-5-60. Contract expired 6-1-60 New contract: 3 years, expiring 5-31-63	\$2 to \$4 per week general increase, retroactive to 5-1-60. 9¢ to 12¢ cost-of-living allowance in- corporated into base rates. Escalator clause continued but future adjustments limited to 6¢ over next three years Deferred increase: From \$2.20 to \$4.40 per week increase, 5-1-61; from \$2.80 to \$3.60 per week additional, 5-1-62	Added: Dec. 24, 1962 to be observed as holiday Revised: Increased life insurance; hospita surgical and major medical benefits

¹All unions are affiliated with the AFL-CIO unless otherwise indicated.

Studies in Personnel Policy

- No. 179—Top Executive Compensation
- No. 178—Severance Pay Patterns in Nonmanufacturing
- No. 177—Compensating First-Line Supervisors in Factory and Office
- No. 176—Problem-solving Conferences
- No. 175—Forms and Records in Personnel Administration
- No. 174—Severance Pay Patterns in Manufacturing
- No. 173—Compensation of Top Executives
- No. 172—Preparation for Collective Bargaining
- No. 171—Company Medical and Health Programs (Revised)
- No. 170—Automobile Allowances for Sales Personnel
- No. 169—Statements of Personnel Policy
- No. 168—Charting the Company Organization Structure
- No. 167—Clerical Salaries in Eighteen Cities
- No. 166—The Alcoholic Worker
- No. 165—Organization of Staff Functions
- No. 164—Clerical Salaries in Twenty Cities
- No. 163—The Company and the Physically Impaired Worker
- No. 162—Sharing Profits with Employees
- No. 161—Selecting Company Executives
- No. 160—Executive Development Courses in Universities (Revised)
- No. 159—Trends in Company Group Insurance Programs
- No. 158—Labor Relations in the Atomic Energy Field
- No. 157—Preparing the Company Organization Manual
- No. 156—Time Off with Pay
- No. 155—Unionization Among American Engineers
- No. 154—Company Payment of Moving Expenses
- No. 153—Improving Staff and Line Relationships
- No. 152—Employment of the College Graduate
- No. 151—Tuition Aid Plans for Employees
- No. 150—Handbook of Union Government, Structure and Procedures
- No. 149—Pension Plans and Their Administration

In the December Business Record

Consumer Buying Plans: A Turn Upward—New-automobile buying plans increased 5% over their year-ago level in September-October, 1960. Almost all other plans, however, remained below last year's rate, and opinion about current business and employment conditions was less favorable than in 1959. Nonetheless, this ninth report in the Board's continuing survey of consumer buying plans (sponsored by "Newsweek") reveals considerable improvement since the second quarter of 1960 and suggests an uptrend in the near future.

How the Unemployed Are Counted—Measuring unemployment, a task vital to the study of the work force, has always been extremely difficult. The Bureau of Labor Statistics and the Bureau of Employment Security are the two major sources of data on the nation's unemployment. A full analysis of the coverage, technique, definition, and limitations of both series, as well as the criticisms and suggestions that have been made about them, is presented here.

Executives Report on the Business Outlook—Despite the uncertainties clouding the general economic horizon, a substantial number of the 173 companies participating in this month's survey expect their new orders, billings, and profits in the first half of 1961 to exceed those in the first six months of 1960. Optimism is most notable in certain industries, particularly those manufacturing nonmetal or consumer products. This report outlines present anticipations and compares them with opinions expressed by cooperating executives in a similar survey conducted in the autumn of 1957, when the economy was entering a recession.

Published by THE CONFERENCE BOARD
460 Park Avenue, New York 22, N. Y.

Canadian Office 505 Dorchester Boulevard West, Montreal 1



FOUNDED 1916